



## **72-Hour Case Stabilization Program** **Post-Petition Working Capital Facility**

*TS - Owner v1.1*

### **Plain English Summary - For Discussion Only**

This is not a commitment or legal advice. Any real offer depends on your numbers, your attorney, and the Court.

#### **1. Who is this for?**

Business owners who:

- Have a real business that still works if you wipe out debt payments
- Are considering or already in Subchapter V or small Chapter 11 with a qualified bankruptcy lawyer
- Need fast working capital after filing, mainly to cover payroll and essential operating expenses
- Do not have a good bank DIP offer and are feeling crushed by MCAs or other aggressive lenders

#### **2. What type of funding is this?**

Capital Solutions Bancorp offers the **72 Hour Case Stabilization Program**. In plain language:

- We become your **post filing working capital partner**
- We fund only the invoices you issue **after** the bankruptcy filing, your "post petition" accounts receivable
- We do not fund old invoices or buy your pre bankruptcy debts
- Our facility must be approved, or denied, by the bankruptcy judge, so there is **no guarantee**

#### **3. Basic idea in plain language**

- After you file, you still need to make payroll, pay key vendors, keep the lights on, and keep selling
- If your business can make money **without** paying MCAs and loans for a short period, the 72 Hour Case Stabilization Program can help turn your new invoices into the cash you need to survive that 60 to 90 day window
- We advance a percentage of those new invoices quickly and get repaid when your customers pay

#### **4. How much and against what?**

- We look at your **realistic post filing monthly sales**, your direct costs, and your basic overhead (payroll, rent, insurance, must have expenses)
- If the business is **cashflow positive without debt payments**, we may offer a facility



- Typical structure:
  - We advance up to **80% percent** of the face amount of your **new invoices** to approved customers
  - You pay a fee based on how long the money is out.
  - You can use us as much or as little as you need.
  - When your customer pays, we are repaid first, and the rest goes back to your business

## 5. What can you use the money for?

You can use the money, as approved in your Court budget, for:

- Payroll and payroll taxes
- Key vendors and suppliers
- Rent, insurance, fuel, utilities
- Reasonable professional fees that the Court approves

You cannot use the money to:

- Keep paying MCAs and other old lenders outside what the Court and your attorney approve
- Take extra money out of the business for yourself
- Spend on things that are not in the budget or not approved by the Court

## 6. What does it cost up front?

There are three main pieces to understand.

1. Application Deposit
  - A non-refundable deposit you pay once everyone agrees the deal might work and you want us and your attorney to spend real time on legal documents and court orders
  - This deposit helps cover the cost of legal work and structuring
  - If the facility goes forward and is approved by the Court, the deposit is credited against fees at closing
  - It is not a promise that the judge will approve the deal
2. Documentation and Order Fee
  - Paid by the bankruptcy estate, from the cash flow of the business, after the judge signs the interim order
  - Covers the cost of the legal documents and court orders needed to make this work
3. Ongoing Fees
  - A fee charged on the money you have out with us, based on time outstanding
  - We will show your attorney and you a simple table of what this looks like at different volumes and time frames

## 7. What must be in place before we move forward?

- **A realistic plan with your attorney.**  
You must be working with a qualified Subchapter V or Chapter 11 lawyer who supports this structure.



- **A cashflow positive business after you stop debt payments for a period.**

We run a simple "Oxygen Test":

- Take your realistic revenue after filing
- Subtract the direct costs of delivering your product or service
- Subtract a stripped-down list of essential expenses (payroll, rent, insurance, must have tools)
- If the result is clearly positive, you may be a candidate. If it is negative, this type of facility will not save the business, and we will not move forward

- **A capital structure we can live with.**

- Usually this means a **bank or SBA style lender** as the senior secured lender, not MCAs in control of every dollar
- Your attorney and our team will review this together

## 8. How quickly can this happen?

There is no guarantee, but in cooperative courts and with prepared counsel:

- Your attorney files the case and a motion asking the judge to approve a 72 Hour Case Stabilization Program facility
- A proposed order and 13-week budget go in with that motion
- The judge may hold an initial interim hearing within several days
- If the judge approves the interim order, we can often fund the first draw shortly after that, once the payment instructions and accounts are set up

In more difficult courts or contested cases, this can take longer.

## 9. Big points you must understand

- **We are not your lawyer.**

We do not tell you whether to file, how to file, or what is best for your legal situation. That is exclusively between you and your attorney.

- **This is not a commitment.**

This term sheet is a conversation starter, not a binding offer. We may still decline to proceed after reviewing your information, and the judge may deny the motion even if we are ready.

- **This will not save a dead business.**

If your business is losing money even after you stop debt payments and cut non-essential costs, this Facility will not fix that. In those cases, we will not move forward, and your attorney may advise other paths.

## 10. Next steps if you are interested

1. Share this summary with your **bankruptcy attorney**.
2. If they believe Subchapter V or Chapter 11 and a post filing working capital facility may help, they can contact us directly to review:
  - Your last 6 to 12 months of financials



## CAPITAL SOLUTIONS BANCORP

Personalized Financial Solutions for your business

- A draft 13-week cash flow budget
  - Your existing lenders and MCA schedule
  - Your customer list and typical payment terms
3. If both your attorney and CSB see a realistic path, we will discuss:
- The Application Deposit
  - The proposed court orders and budget
  - A more detailed version of these terms to present to the judge

Feel free to contact us – you or your attorney – at...

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