



William Stucky and Associates, Inc. The Leader in Commercial Lending and Factoring Software

SAN FRANCISCO CFA CONFERENCE

by Bill Stucky

Welcome to San Francisco –This is the third time in our 24 year history that we have hosted the Commercial Finance Association Annual Convention in our beautiful city. We look forward to meeting you during your stay. WSA staff will be demonstrating our products, including the StuckyNet-Link system, in the CFA's Exhibition Hall from October 24th – 26th.

It's been an exciting year for WSA; we have licensed and installed over nineteen systems, one of the best years ever for our company. We also had the opportunity this last year to visit with asset-based lenders and factors at the Factors and Discounters Association conference in Dublin, Ireland, the BCR- International Accounts Receivable Finance convention in Amsterdam and the recent Factoring in Eastern Europe Conference in Moscow, Russia.

Accounts receivable finance is truly a global product, they may call it by different names like invoice discounting and factoring, but the same basics are there no matter where in the world you find it. The general themes that we heard at these last three international venues were:

- A significant migration to Asset-Based Lending and Invoice Discounting from the Factoring product historically provided to clients.
- The importance of Banks to have Internet connectivity between the borrower and the lender as a competitive edge in their markets. In many ways the European Bankers are more advanced with the introduction of Internet based lending systems than those here in the U.S.
- Concerns that B2B business alliances may threaten the accounts receivable financing that has been traditionally provided by banks.

- Concerns that Asset-Based Lenders from the United States are aggressively entering the European market place with new products and the ability to quickly underwrite and fund deals.
- Addressing the question "What do our customers want?" Lloyds TSB for example is focused on providing new streamlined lending products, offering additional types of credit lines and establishing on-line Internet based connectivity to the borrower, all with the main goal: Providing better service than the competition.
- Trading partners, such as FCI, are still playing a critical roll in dealing with the complexity of the laws of each country and the impact on gaining a security interest over a variety of the client's assets.
- The subject of possible opportunities for European lenders by expanding into the US market was quickly quelled by a number of members, which is good news for our US lenders.

By far the most interesting conference was the one put on by NikOIL Bank in Moscow. Factoring and Asset Based Lending are relatively new products in this part of the world, less than a few years old. This conference was the very first to address accounts receivable finance issues in Russia and Eastern Europe. We visited the largest factoring company in Russia; it was interesting to see the progress they have made in 2 short years. A number of difficulties face the Russian factor including; having to have contacts at the police department to determine credit worthiness of potential clients, no universal credit agencies, collection problems and of course potential devaluation concerns with the ruble.

As accounts receivable lending and factoring expand around the world we plan on meeting the challenge by offering WSA's sophisticated software systems to address the growing international need.

NEW WSA CLIENTS

Over 300 lenders worldwide use WSA software. To this group we welcome our newest clients to the WSA family. We also applaud those whose growth and success with our previous systems now require the use of our more sophisticated systems as well as those who have moved into the e-commerce world with their purchase of StuckyNet-Link:

Fifth Third Bank
Bay Business Credit
Chittenden Bank
CIT Tempe
Commerce Bank & Trust
Entrepreneur Growth Capital
First Bank Puerto Rico
Guaranty Bank
Harris Bank
Hilco Capital LLC
IBM Global Commercial Financing-UK
Madison Capital Funding LLC
Medallion Funding Corp.
Pacific Capital Bancorp
Riviera Business Credit
United California Bank
Westernbank Puerto Rico
Banknorth/StuckyNet-Link
CIT Group/StuckyNet-Link
Manufacturers Bank/StuckyNet-Link
Firststar/Stuckynet-Link

FREQUENTLY ASKED QUESTIONS

Continuing our commitment to supporting your user needs we feature some of the most commonly asked questions with answers provided by our system analysts.

Question: I am using NT\ABL, how do I post in-transit transactions (cash/collections or sales)?

Answer: The In-Transit Posting program is used to create temporary additional availability for clients that have sales amounts, which have already shipped but are not yet reflected on the borrowing base certificate (BBC). In-transit collections can also be posted using this program for cash collections that have been received at the client's location, which will be subsequently forwarded to the lender. In-transit amounts for sales or collections can be posted using a different advance rate than that of the traditional collateral postings.

NOTE: The In-transit availability amount is reflected in a separate column. However, a system level switch can allow In-transit postings to either:

- A. Affect the client availability figures in the *Total Available* column found on several inquiry screens and reports.

- B. Not affect client availability figures in the *Total Available* column found on several inquiry screens and reports. In this case, to compute client availability, including in-transit postings, a manual calculation is necessary to determine the Total Available + the In-Transit Available.

A typical sequence of events might be:

January 6th:

1. On Jan 6th a client calls to request additional availability based on \$10,000.00 in sales that have just shipped, but have not yet been reflected on a sales journal or BBC received by the lender. A new BBC (that reflects the \$10,000.00) is expected to arrive at the lenders office on Jan 8th.
2. The lender requests a fax copy of the \$10,000.00 in sales to validate the new sales figures.
3. It has been negotiated that additional availability will be allowed for these new sales, but not at the standard 80% advance rate, but rather at a lower 65% In-Transit advance rate. The full 80% will only be made available when the sales are reported on the borrowing base certificate.
 - **In-Transits Posting Program:** On Jan 6th the Collateral Analyst enters the in-transit sales. *See the sample posting screen on the next page.*
 - In the *Assn/Coll #* field, enter the next sequential borrowing base certificate number (i.e. if the previously posted BBC # was 100, enter 101 in the *Assn/Coll #* field.)
 - In the *Type* field, enter 'A' for Assn #.
 - In the Gross Amount field, enter \$10,000.00. (The Net Amount field can be left blank for sales postings. It is only used for collections postings.)
 - In the Advance Rate field, enter 65.00. (As a result, the *Available* field will display 6,500.00)
 - In the Due Date field, enter 01/08/01, and then save the posting.
4. The availability is verified on the **Adv. Authorization** tab of the Daily Loan Posting Program. The *In-Transit Available* column will indicate \$6,500.00 available. Refer to the previous *Note* to determine if the In-transit availability will or will not be included in the client total availability.

