

GCP

GCP Solution	Example:
<p>It is the opportunity to expand your business with interest-only repayment or interest-accrued repayment while still retaining participation in your stock position.</p> <p>Tom Shareholder owns a farm with a 10% interest note that collateralized by all of his equipment and most of his other farm assets. He needs expansion capital and owns 100,000 shares of the stock XYZ worth \$10 a share, but he expects good news this year that he hopes will boost the stock's price and really doesn't want to liquidate his interest in it.</p> <p><i>One solution:</i> With a GCP stock loan with a current LIBOR-based floating rate of 4.25%, he can refinance the farm, get the capital to grow the business and remove the liens from all other assets. If his favorite stock goes up, he can participate in the upside. If for any reason the stock tanks Tom can walk away from the loan with no personal liability.</p> <p>The good news? Either way, he kept the capital he needed and could grow his farming business.</p>	<p>Note on farm: \$500,000 @ 10% interest. Working capital requirement: \$200,000. Total needed: \$700,000.</p> <p>Proceeds from 75% LTV Stock Loan of \$1MM of the stock XYZ: \$750,000.</p> <p>Depending on LIBOR rates, he would save's at least \$15,000 per year in interest expense on the existing \$500,000 note on the farm. He can invest \$200,000 in new land, supplies, etc.</p> <p>He can participate in upside of stock (or securities, if appreciable) if they rise in value, and freely exercise the default option if necessary.</p> <p>In addition, he can go to the bank to get financing if he needs it in the future because all of his assets would now be free and clear. And the remaining \$50,000? Perhaps a new tractor for the farm, or a second honeymoon with the spouse?</p> <p>Have other problems or challenges? Visit our other Solutions</p>

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