Forgivable Capital Loan

Frequently Asked Questions

Straight answers to the questions business owners ask us most about the Forgivable Capital Loan. If you do not see your question here, your Feenix Legacy Affiliate can walk you through it.

The basics

What is the Forgivable Capital Loan?

A working-capital business loan from Feenix Capital that is forgiven over time while you process your card payments with Feenix Payments. Keep processing with us for the full term and hit your volume milestones, and the principal is forgiven in full.

How is this different from a merchant cash advance or other daily-deduction financing?

Those products take a cut of your daily card sales, typically 15–30% of daily cash flow, until the balance is repaid. The Forgivable Capital Loan takes nothing from your daily batches. You pay a fixed monthly interest charge, and the principal is forgiven instead of repaid.

This sounds too good to be true. What is the catch?

There is no catch, only a trade. Feenix earns on your card processing, not on your repayments. You commit to processing with Feenix Payments for the term at rates matched to what you pay today. We do not raise your processing rates after signing.

How much can my business qualify for?

Loans typically range from $5K to $500K+. Other amounts are considered case by case.

Can I use the funds for anything?

Yes. Proceeds are yours to deploy at your discretion: equipment, build-outs, payroll, inventory, debt paydown, or growth.

What kinds of businesses are eligible?

Any low-risk business that accepts credit cards. Our largest vertical is restaurants, followed by hotels and hospitality, auto shops, salons and spas, professional services, and retail. Card-not-present businesses are eligible too.

Who is the lender?

FCA Funding 2026 LLC, the capital and lending arm of Feenix Capital. Processing is provided by Feenix Payments, a Registered National Sales Organization with Fiserv sponsored by Citizens Bank.

Qualifying and underwriting

What do I need to submit?

Your 6 to 12 most recent monthly card processing statements and a completed intake form.

How is my loan amount determined?

We review your existing processing fees and your credit card volume from your recent statements. Your loan amount is based on that review.

Is there a minimum credit score?

Yes. The owner signing the personal guarantee needs a FICO score of 650 or higher.

Does applying affect my credit?

No. We use a soft credit pull at application, run through Equifax, which does not affect your score.

Is there a volume threshold I need to hit or maintain?

To qualify, your loan is based on the card volume in your statements. To earn forgiveness, each milestone also carries a cumulative card volume target, set in your note at closing. If you are behind that target on an anniversary, forgiveness is not lost, it is delayed until you reach it.

What happens if I exceed my expected volume?

Your loan terms stay the same. Processing above your projected volume does not unlock additional capital at this time, and it does not change your interest, fees, or forgiveness schedule.

Do I need a personal guarantee?

Yes. A personal guarantee from the owner is required on every loan.

What documents do I sign?

Three core documents: a Promissory Note and Guaranty with FCA Funding 2026 LLC (the loan terms and your personal guarantee in one document), an Exclusivity Agreement with Feenix Payments, and the standard merchant processing application and agreement. You also provide an officer's certificate with your formation documents and a certificate of good standing, plus wire instructions for funding.

How long does approval take?

Underwriting and loan qualification are completed within one business day of receiving a complete submission package. You receive an offer letter, and once you accept, the deal moves to onboarding.

Can I take a smaller loan than I qualify for?

Yes. The offer letter is a ceiling, not a requirement. Take what you need; a smaller balance means lower monthly interest, and the forgiveness schedule and processing agreement stay the same.

Is there a cost to decline the offer after underwriting?

No. Underwriting and the offer letter are free, and there is no obligation until you sign. If the numbers do not work for you, walk away with no fee and no credit impact.

I have multiple locations. How does that work?

Each location qualifies for its own loan amount, and each legal entity signs its own Promissory Note and Exclusivity Agreement, with each location set up as its own merchant account. Funding can be consolidated into one bank account under common ownership.

What if I am a brand-new location with no processing history?

You can still qualify. In place of processing statements, submit a pro forma or financial projections for the location, and we underwrite the expected card volume from those. If you operate other locations, their statements can support the new one as well. Another option: start processing the new location with Feenix Payments first, and once we see one to three months of performance, we qualify a loan amount on the actual volume.

Terms, forgiveness and repayment

Loan amount	**$5K–$500K+ (other amounts considered case by case)**
Interest rate	6–10% fixed, interest only, calculated on the average daily balance
Billing	Monthly, through your merchant account
Processing agreement	Exclusive agreement with Feenix Payments through the loan term plus one year (about 5 years), then annual renewal
Forgiveness schedule	50% at Year 2, 25% at Year 3, 25% at Year 4, each subject to a cumulative card volume target
Fees	2% one-time upfront loan processing fee at closing; 0.5% per annum administrative fee on the outstanding balance, billed monthly
Guarantee	Personal guarantee required

Does the 6–10% rate change over the term?

No. The rate is fixed for the life of the loan and is set at underwriting based on your business profile.

When is the principal forgiven?

Half of the principal is forgiven at the end of Year 2, another quarter at the end of Year 3, and the final quarter at the end of Year 4. Each milestone has two conditions: the anniversary date, and a cumulative card processing volume target set in your note. Forgiveness happens on the later of the two. Anything still unforgiven at the five-year maturity date is due at that point.

If 50% is forgiven at Year 2, does my monthly interest drop right then?

Yes. Interest is charged only on the outstanding balance, so each forgiveness milestone cuts your monthly payment the following month. On a $100K loan at 8%, roughly $667 a month in Years 1 and 2 becomes about $333 in Year 3 and $167 in Year 4, then nothing in Year 5.

Do I ever pay back the principal?

Not if you stay and hit your volume targets. Principal repayment is triggered only if you leave Feenix Payments, default on the note or exclusivity agreement, or still have an unforgiven balance at the five-year maturity date.

What do I actually pay each month?

Interest only on the outstanding balance, plus the 0.5% per annum administrative fee, both debited monthly from your merchant account. On a $100K loan at 8%, interest is roughly $667 per month, and it drops as principal is forgiven.

How is the interest payment made?

It is debited automatically from your Feenix merchant account on the first of each month, the same way processing fees are collected, and appears as a line item on your monthly processing statement. Nothing is taken from daily batches. If the merchant account debit fails, Feenix may collect by ACH from your business bank account as a backup.

What fees are charged?

Two. A one-time 2% loan up-front fee, earned at closing, and a 0.5% per annum administrative fee calculated on the outstanding balance and collected monthly alongside your interest through the merchant account.

Can I pay the loan off early?

Yes. You can repay the outstanding balance at any time. Most merchants never need to, since the principal is forgiven as long as they keep processing, but paying off early is the clean way to exit if your plans change: for example, if you are selling the business, closing a location, or want to leave Feenix Payments before the term ends. Paying the balance in full satisfies the note and releases you from the exclusivity commitment without a default.

Is the forgiven amount taxable?

Forgiven debt can be treated as income under federal tax rules, and Feenix may issue a Form 1099-C for each forgiveness event. You are responsible for your own taxes on forgiven amounts. Talk to your tax advisor; Feenix does not provide tax advice.

Is there a UCC filing on my business?

The loan is backed by your personal guarantee, not by a lien on your business assets. The note does ask that you not sell or transfer business assets without Feenix's consent while the loan is outstanding.

What happens if the business closes?

Closing, dissolving or selling off the business's assets requires Feenix's written consent while the loan is outstanding, and doing so without it is a default. Any principal not yet forgiven becomes due, the personal guarantee applies to that balance, and forgiveness already earned at a prior milestone is not reversed. Talk to us early if you see a closure coming.

What happens if I switch payment processors before the term ends?

Switching processors is a default under both the note and the exclusivity agreement. Forgiveness stops, the unforgiven principal becomes due, and Feenix Payments may recover the processing fees it would have earned through the end of the term. There is no separate early termination fee beyond those remedies.

What if I sell the business?

A sale needs Feenix's prior written consent. The note and the exclusivity agreement cannot be assigned to a buyer without it. In practice that means a buyer who wants to keep the loan and its forgiveness schedule is underwritten by Feenix first; otherwise the unforgiven balance is settled at closing of the sale.

What happens if I default?

Most defaults come with a 30-day cure period after notice. If a default stands, the interest rate steps up to 18%, your processing rate moves to interchange plus 6.25% with the increase applied to pay down the note, and the unforgiven balance becomes due. A default on any other obligation to Feenix, or a judgment over $25,000, also counts as a default on the loan.

Processing with Feenix Payments

Do I have to switch my point of sale?

In some cases. We evaluate your current technology stack as part of underwriting to confirm it can integrate with Feenix Payments, and many systems can stay in place. If yours cannot, we recommend comparable, compatible solutions that fit how your business runs. We will confirm compatibility during underwriting.

If I have to switch my point of sale, who pays for it?

We work to make sure hardware is never the barrier. The cost of new equipment can be taken out of your loan proceeds at funding, or the hardware can be placed on a payment plan, usually 6 to 12 months.

What is the monthly software fee for the point of sale?

It depends on the system. We work with multiple POS partners, and each sets its own software subscription pricing. Feenix does not control those fees, so we confirm the exact monthly cost with you once we know which system fits your business.

Will my processing rates go up?

No. Your rates are set to match what you pay today, and Feenix does not look to raise them after signing. Feenix earns on processing volume, so our interest is in keeping you processing, not in repricing you.

What is cash discount pricing, and why does Feenix recommend it?

Under a cash discount program, your posted prices are the standard price for all customers, and customers who pay with cash receive a discount off that posted price at checkout. The program is disclosed with signage at the entrance and point of sale, and the discount is shown on the receipt. Because it is structured as a discount for cash rather than a charge added to card payments, it is permitted by the card brands in all 50 states. Cash discount lowers the effective processing cost you carry, and since your loan is based on a review of your fees and volume, it can support a larger loan.

When do I receive the funds?

Funds are released once your point of sale is installed, your Feenix merchant account is live, and you have run two successful batches on two consecutive business days.

What is the length of the processing agreement?

The initial term runs until one year after the loan is fully forgiven or repaid, which on the standard schedule works out to about five years. After that it renews in one-year terms, and either side can end it with 60 days' notice.

What happens after Year 5? Can I get another Forgivable Capital Loan?

Once the initial term ends, the processing agreement renews year to year with a 60-day out for either side. You can also bring Feenix a bona fide written offer from another processor; Feenix has 45 days to match it, and if it does not, you may leave. The Forgivable Capital Loan is a one-time program per business, so a second forgivable loan is not available. Merchants in good standing who need additional capital can be considered for Feenix Capital's other funding product.

Who handles my PCI compliance and security?

Fiserv holds PCI DSS, SOC and cybersecurity compliance for the processing environment. Fiserv's AOC, SOC 1 Type 2 report and bridge letter are available on request.

Can I add a second location later?

Yes. New locations are underwritten as their own merchant account and can qualify for their own loan under the same ownership.

Are there other funding options through Feenix?

Yes. For merchants who need capital faster than the forgivable structure allows, or beyond their loan sizing, Feenix Capital offers a Revenue Based Growth Capital product. Larger operators and hospitality groups can also be considered by Feenix Partners for private credit and growth capital.

Feenix Capital is a brand of Feenix Partners. Loans are made by FCA Funding 2026 LLC. Payment processing is provided by Feenix Payments LLC, a Registered National Sales Organization with Fiserv. Terms are subject to underwriting approval and may change.