# Money Smart

Who's Lending Money???
We Are!!!



# Money Smart Who's Lending Money?- We Are!!

**Welcome & Introductions** 

- Selecting the Right Financial Institution
  - Paperwork, Paperwork, Paperwork!!!
    - From Application to Settlement

**Q&A** 



### Selecting the Right Financial Institution

#### The Organization

- Small Business Model
- Products/ Fees
- Locations

#### The Individual

- Who
- Experience

Paperwork, Paperwork, Paperwork!!!!

Where are my tax returns????

Is my Quickbooks or accounting software up to date???

Did I finish updating my business plan??

What are my business & personal credit scores????

# Loan Request Checklist

- 1. Loan Application
- 2. Personal Financial Statement (All Owners)
- 3. Current Year Business Financial Statements
- 4. Past 3 Years Business & Personal Tax Returns
- 5. 4506-T (IRS Form)
- 6. A/R Aging
- 7. Contract Backlog Report
- 8. Business Summary/Overview
- 9. Resume of Owners/ Key Management
- 10. Use of Proceeds
- 11. Projections
- 12. Recession Recovery Plan
- 13. Lease
- 14. Franchise Agreement

# Loan Request Checklist

- 1. Loan Application- Business & Demographic information
- 2. Personal Financial Statement (All Owners)- Available collateral, net worth, overall financial position
- 3. Current Year Business Financial Statements- How you are doing now
- 4. Past 3 Years Business & Personal Tax Returns- Trends & history
- 5. 4506-T (IRS Form)- Confirmation
- 6. A/R Aging- Diversity, concentrations, collection practices
- 7. Contract Backlog Report- Current clients, \$\$ in pipeline
- 8. Business Summary/Overview
- 9. Resume of Owners/ Key Management- Value to business, experience
- 10. Use of Proceeds- Where is the money going
- 11. Projections-Impact of loan, your future
- 12. Recession Recovery Plan-Impact of any changes made or to be made
- 13. Lease-Obligation
- 14. Franchise Agreement- Obligation

#### C's of Credit

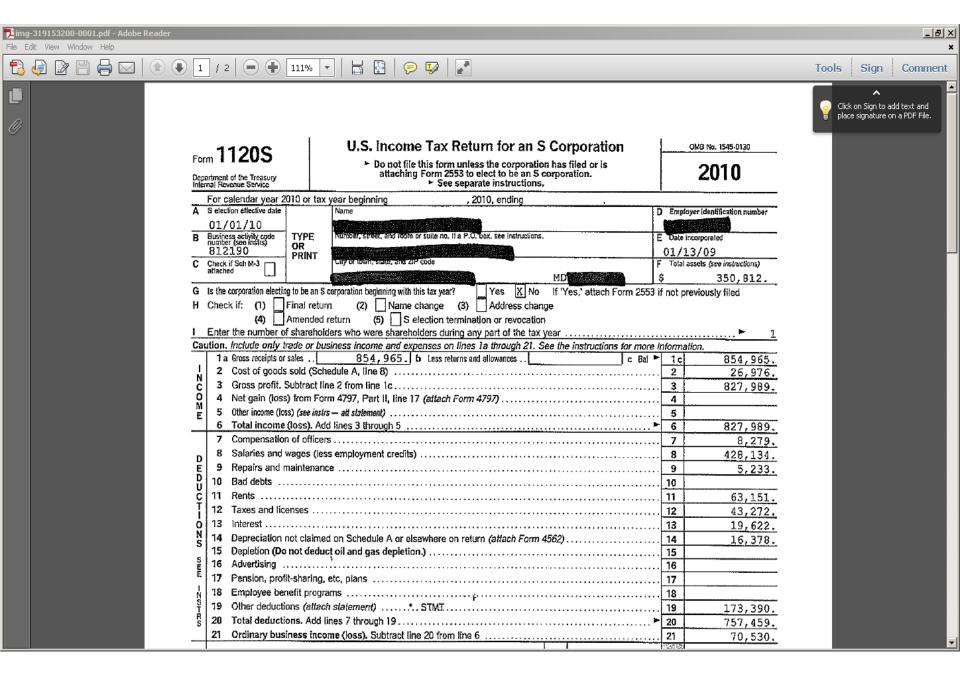
- Cash Flow- the available \$\$ to repay
- Credit- how have you handled your past obligations
- Collateral- a secondary source of repayment
- Conditions- what's going on in your industry, community and the economy

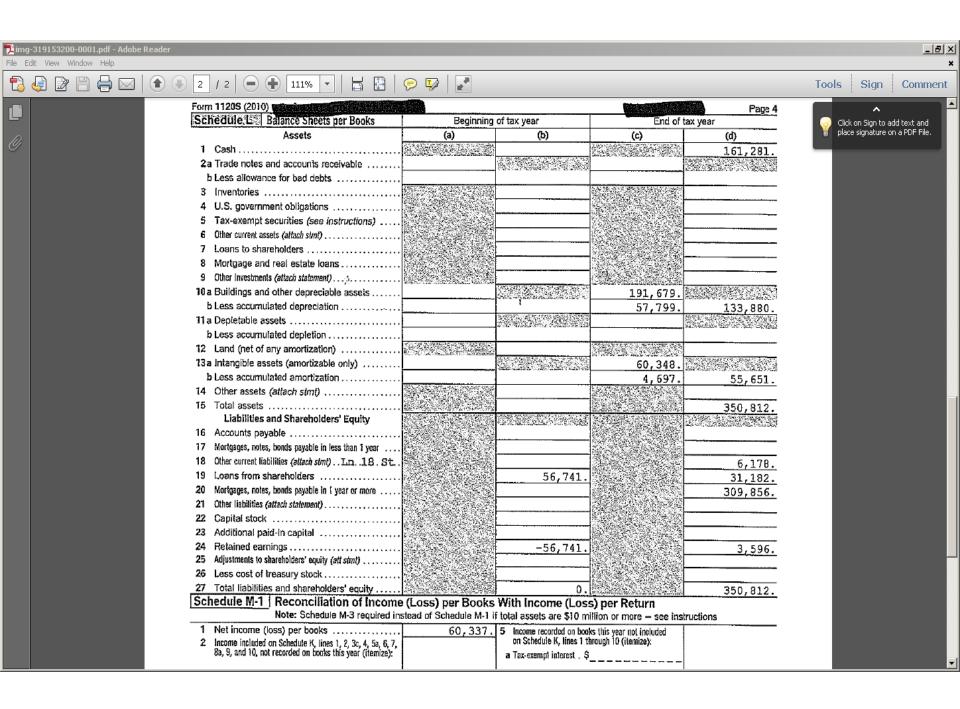
#### Cash Flow???

#### **Net Income**

- + Interest Expense
- + Depreciation
- + Amortization
- + Non-Recurring Expenses = Total Available for Debt
- / Annual Payment for New Debt =

Cash Flow Coverage





#### Now What??

- Submit request (electronic preferred)
- Answer questions/ submit more documentation
- Wait.....2- 10 business days
- Declined \( \operatorname{\operatorname{O}} \) ......why, options (in writing)
- Approved ②……now onward to settlement!!!



# **Pre-Closing Process**

- May or may not get proposal/ commitment letter (2 different things)
- Pay money for third party vendors and any financial institution fees
- Borrower- start fulfilling conditions to obtain financing (insurance, leases, invoices, etc.)
- Lender- start process of pulling lien searches,
   UCC filings, ordering appraisals, etc.

# Settlement/ On-going

- Sign paperwork- on behalf of yourself and the company (financial institution or attorney)
- Receive proceeds Get the \$\$\$\$\$!!!!
- May get additional documents later (real estate)
- Stay in touch with lender- relationship!!!!!



Prince George's Community FCU is a full-service financial institution dedicated to serving the financial needs of Prince George's County since 1967.

Because of PGCFCU's local roots and community affiliation, we are dedicated to providing your business the personal service it deserves with local experienced relationship managers who are in close proximity to your banking needs. We work with you to understand the goals of your business. Our unique solutions include diverse, flexible checking, savings and financing options and convenient online services.

Whether your business is just getting started, growing, or established we are here to be a partner in your business success.

#### **Q & A**

#### Thank You!!!!!

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