



How to get financing for your business.

1. What does a lender look for?

When considering a loan, the lender looks for the following key factors:

- **Capacity**—ability to repay the loan on time from the projected cash flow of the business and feasibility of the business plan
- **Character**—stability, honesty, and reliability—credit history, experience, how long you’ve lived at current address, how long you have been at present position, etc.
- **Collateral**—availability of assets of the borrower to cover the debt if borrower is unable to make payments
- **Capital**—money you have invested in the business, have available to invest in the business or equity earned from business operations
- **Conditions**—purpose of the loan and outside factors that affect your ability to repay such a local economy, industry, and competition

In order for the lender to assess your particular situation, you will need to provide documentation that allows them to review the current state of your business and personal finances.

2. What info will be needed to start a loan process?

Documentation requirements will vary depending on the type of loan you are considering. The following items are commonly required to start a loan application:

- Purpose of loan: equipment, inventory, working capital, real estate purchase, etc.
- Amount requested and how it will be used, including owners’ equity available for down payment
- Business plan
- 2-3 years of business financial projections—income statement, balance sheet, and cash flow as well as explanation of the assumptions used for the projections
- 2-3 years of business financials or tax returns
- Schedule of existing debts
- Aging of accounts receivable and payable
- 2-3 years of personal tax returns
- Personal financial statements of principal owners
- Resumes of principal owners

Joining YOU on the Journey!

3. This all seems a bit overwhelming...HELP!

It is very common for small businesses to, at some point, need assistance with formalizing business plans, forecasting, analyzing business financials, and other business ownership details. Fortunately, there are many FREE resources available to help put those pieces together for you.

First, Dakota Business Lending frequently refers our borrowers to the following entrepreneurial development resources for education, training, and technical assistance:

- **Women's Business Center**—the SBA assists current and potential women business owners and businesses with training, technology, and business development services; Dakota Business Lending has a collaborative partnership with the WBC, financially supports their annual Women's Business Summit, and provides in-kind office space for their Eastern location to better serve women-owned businesses in the Fargo/West Fargo area.
- **SCORE**—retired business owners volunteer to mentor and counsel small business owners
- **Small Business Development Centers**—SBDC assists small businesses with business plans and financial projections; Dakota Business Lending financially supports the local office, which is housed at the NDSU Technology & Research Park.

Secondly, the Small Business Administration (SBA) website contains a wealth of information on starting and running a business, including:

- **Online Training through the Small Business Learning Center**—this portal includes many online training courses on almost every aspect of business ownership: www.sba.gov/sba-learning-center; to build a business plan: www.sba.gov/business-plan/1
- **Small Business Resource Guide**—download this guide that includes various aspects on starting and operating a business in North Dakota: www.sba.gov/sites/default/files/files/resrouceguide_3128.pdf
- **Dakota Business Newsletter**—an email dedicated to providing valuable information about starting and growing a small business in ND. Subscribe at www.sba.gov/nd by clicking on the "Get Email Updates" button.

4. Ready to consider loan options?

Give us a call! We can guide you through the process and point you toward various resources that may become part of your loan package. We would be delighted to help you look at options that work in conjunction with your bank or credit union and are beneficial for the cash flow of your small business. Whether you need \$1000 or \$5+ million, we have options you may want to consider!



Need a loan or have questions?
Contact a loan officer in your area:



Loan Programs

- » Loans from \$1,000-\$5.5 million
- » Below market, fixed interest rates
- » Low down payments starting at 10%
- » Longer terms up to 20-25 years
- » Small Business Administration (SBA), USDA Rural Development, Main Street, and Kiva loan programs