



How to get financing for your business.

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.

LOAN APPLICATION CHECKLIST

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!

RESOURCES FOR YOUR BUSINESS

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.



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 partnership with the WBC, financially supports their annual Women's Business Summit, and provides in-kind office space for their Eastern location.



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.



SCORE—retired business owners volunteer to mentor and counsel small business owners



Veterans Business Outreach Center of the Dakotas— Assists service members, veterans, & military spouses looking to start, purchase, or grow a business

The Small Business Administration (SBA) website also contains a wealth of information on starting & running a business:



Online Training through the Small Business Learning Center—this portal includes many online training courses on almost every aspect of business ownership: <https://www.sba.gov/learning-center>

Small Business Resource Guide—download this guide that includes various aspects on starting and operating a business in North Dakota: https://www.sba.gov/sites/default/files/files/resourceguide_3128.pdf

Dakota Business Newsletter—an email providing valuable information about starting and growing a small business in ND. Subscribe at www.sba.gov/nd.

READY TO CONSIDER LOAN OPTIONS?

Give us a call! We'll work with you & your bank or credit union to help get it all figured out.



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