

First American Bank

FIRST THINGS FIRST

The first step to getting a small business loan is determining how much you need to borrow. From there, you should identify several sources for repaying your loan.

HELPFUL INFORMATION

Some useful information to provide your loan officer would be:

1. Business Financials and tax returns. Preferably for the past three years.
2. A current personal financial statement and tax return.
3. Financial projections for the upcoming year.

INFORMATION ABOUT YOUR BUSINESS

The importance of providing a sound business plan for your lender is often underestimated. An organized and informative business plan can be the difference in whether or not you are approved for a loan. Your plan should also include an industry summary and discuss your individual specialty in the market.

Contact Us:

Norman/OKC Metro:

(405) 579-7000

Woodward:

(800) 364-5374

WHAT YOU SHOULD KNOW WHEN APPLYING FOR A SMALL BUSINESS LOAN



The Five C's of Lending

When considering a business loan, lenders often refer to the "5 Cs" of lending. Most importantly, a lender will consider someone's **character**. They might ask themselves such questions as:

- "Is the borrower trustworthy?"
- "Do the borrowers have a good credit and financial history?"

Capital is the equity that the borrower is personally putting into the business. The amount invested can demonstrate to the lender your commitment to not only your business but to repaying the loan.

When considering how the loan will be repaid, the lender looks at the **capacity** of the business. That is, whether or not the business is capable of generating enough cash flow from its operations to make the loan payments.

Now more than ever, the **conditions** of the economy are having substantial impacts on the lending industry. The lenders must look at interest rates, trends in the industry, and many other factors of the current economy that could potentially affect your business.

Equally important is the **collateral** you and your business have available to guarantee the loan. For a business, this can include such things as your assets, accounts receivables, inventory, and equipment to name a few. It can also be in the form of a personal guarantee or mortgages on personally owned property.

SOME SIMPLE STEPS

- Determine the loan amount you need to borrow.
- Update your company's balance sheet including current status of assets, liabilities, and equity.
- Update your company's profit and loss statement with detailed descriptions of your company's revenues, costs, and expenses for the most recent accounting period.
- Have at least one year of cash flow projections.
- Contact your local First American Bank loan officer and ask for an application.

The United States Small Business Administration offers several helpful programs and services to help you manage your small business from start to finish. You can find all of this useful information at the following address:

www.sba.gov/smallbusinessplanner



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