



How to and Where to Apply for Loans

How

- 1) Gather relevant information such as:
 - a. Personal tax return documents/income statements
 - b. Projected cash flow of business
 - c. Personal property collateral and/ or personal investment
 - d. Business description
 - e. Allocation of funds plan

How your Loan Request will be Reviewed¹

- 2) When reviewing a loan request, the lender is primarily concerned with repayment. Loan officers judge loan applications based on what is commonly referred to as the five C's of Credit.
 - a. **Character:** Lenders will order a copy of your credit report and look at debt repayment trends. They want to know simply if you pay your bills and if you pay them on time. If there are blemishes on your report, explain them.
 - b. **Cash Flow:** Lenders will look at historical and projected cash flow statements to determine whether you will be able to repay the loan and still have money to adequately run the business. Include written justification for your projections in your loan proposal.
 - c. **Collateral:** Collateral is an asset (something you own) which a lender may claim to satisfy a loan in the event the loan is not repaid according to the required terms. Often the assets purchased with the loan may serve as collateral. If the business does not have enough collateral, the bank will look to personal assets.
 - d. **Capitalization:** Capitalization refers to the basic resources of the company including owner's equity, retained earnings, and fixed assets. You do not have to be fully capitalized to qualify for a loan.
 - e. **Conditions:** Factors that affect the success of the company yet are external to the business will also be considered by the lender. Examples include government regulation, competition, and industry trends.

¹ Excerpt from *Small Business Resource* 4th Edition a Resource Guide provided by the U.S. Small Business Administration. Page 19.

Where (Central Valley Locations)

- 3) USDA Loan offered by the SBSC
 - a. Offered to Selma businesses
 - b. Loans available between \$6,000- \$50,000 (actual amounts vary according to needs)
- 4) CEDLI or SBA Direct Microloan offered by the Valley Small Business Development Corp².
 - a. Offered to businesses within the nine county area VSBDC serves (other qualifications required depending on loan applied for)
 - b. Loans available between \$5,000-150,000 (amounts vary according to loan option)
- 5) Top ten lenders and top five Certified Development Corporations in Fresno District (serves 15 counties) that supply loans guaranteed by the U.S. Small Business Administration³
 - a. Must qualify as a small business according to SBA definitions
 - b. Microloans available up to \$35,000, loans available up to \$2 million (SBA guarantees up to 75% of loan, 50% on express loans)

Banks

1. Bank of America
2. Wells Fargo Bank
3. Capital One Federal Savings Bank
4. Coast National Bank
5. Washington Mutual Bank
6. County Bank
7. Bank of the Sierra
8. Rabobank
9. Citibank
10. U.S. Bank

CDCs

1. Mid-State Development Corp.
2. CENCAL Business Finance Group
3. Success Capital
4. EDF Resource Capital
5. Tulare County EDC

² Information provided by Sarah Foley, Loan Officer

Counties served by VSBDC include: Fresno, Kern, Kings, Madera, Mariposa, Merced, Stanislaus, Tulare, and Tuolumne.

³ Information provided by Ronald Truly, Deputy District Director of the SBA Fresno District Office for Fiscal Year 2007 (10/1/06- 9/30/07).

Counties within Fresno District include: Alpine, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, Monterey, San Benito, San Luis Obispo, Stanislaus, Tulare, and Tuolumne.