

LENDER PREPARATION

First Steps

- Call the **commercial lending department** (or a bank's branch) to find out the business loan rules.
- Ask if the lender is looking for loans of your size and type.
- Ask for a loan application.
- Prepare all the requested documents and include a business plan.
- Make an appointment
- Rehearse your presentation.

Basic Questions from the Lender

- How much do you want to borrow? How will the loan proceeds be used?
- How long will it take to repay the loan?
- What collateral do you have to offer?
- How much are the owners investing in the business? What is your equity injection?

How Can I Prepare for a Meeting with a Lender?

These guidelines might seem basic but they are important.

- Dress properly and be on time
- Bring your business plan, a completed loan application, and any other materials you need.
- The entire presentation should be no longer than 30 minutes. Give an overview or outline at the beginning. Know how you are going to end the presentation.
- Invite your lender to your business location and show special equipment or services. If you are expanding or remodeling, explain your plans.
- Answer all negative questions with positive answers. Back up your answers.
- Find out when you might expect an answer.
- Request decisions or negotiations made on the telephone to be put into writing.
- Follow up the meeting with a thank you letter and a phone call.

What Should I Expect from My Lender?

When lenders approve your loan request, they have faith in your business and your ability to make a profit and repay their loans. Value is added when a lender is on your company “team”. Your lender can also help you determine which of their financial products best meet your business’ needs.

A lender can be a good “big picture” advisor; he or she will give you insights into your industry’s growth opportunities and how you can take advantage of them. Lenders want you to be successful. As your business prospers, so does their business.

What are the Small Business Owner’s Responsibilities to a Lender?

Keep in mind that your lender is using depositors’ money to make your loan. And that lending institutions are in business to make money, just like you are. Therefore, treat lenders no differently than you would any other business person. And – most importantly of all – make sure your loan is repaid on time.

If you are seeking to establish a financial arrangement with your lender, you will most likely be asked to submit documents as described earlier. If there is a delay, provide a date when the lender can expect to receive them. Changes to your loan, such as timing of payment, must be approved.

It is wise to meet with your lender a few times during the year to share your successes and concerns. Make an appointment, or invite the lender to your business for a first-hand look.