

NEED A COMMERCIAL LOAN? 5 THINGS YOU SHOULDN'T FORGET

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APRIL 24, 2015

1. DON'T ASSUME YOUR BANKER WILL BE THERE NEXT YEAR.....or even next week! Banks are consolidating at a rapid pace again. And it is spurring movement amongst commercial bankers. If you like your bank, then get to know the management there in case your banker leaves. You will need an advocate on the inside to make sure your business continues there as before. And then get to know some bankers at other banks, because your banker's new bank may not want your business. Which leads to point #2:

2. DON'T ASSUME YOUR BANK WANTS YOUR BUSINESS ANYMORE. The bank might be breaking up with you and you don't even know it yet. They may not even have a good reason other than you may have hit an informal limit in terms of credit exposure they have; or they just don't want to finance (enter asset class here) anymore. They probably won't give you too much notice either. But the point is that you should always have a back-up plan lender and seek multiple proposals.

3. MAKE SURE YOU TELL YOUR STORY THE WAY YOU WANT IT TO BE TOLD. Leave nothing to chance when introducing yourself to a new lender, or renewing your deal with your current lender. Prepare your own personal financial statement - make sure to highlight your liquidity. Have your own credit report pulled, with a written explanation of anything negative. Have a resume and/or CV prepared and updated. Have good photos of your property taken on a bright sunny day. Have your website current and have a LinkedIn profile active. Not having a public presence could be a negative. Have a business plan (nothing fancy needed) that clearly and simply explains your project, with a simple budget and cash-flow projections.

4. DON'T LET TECHNOLOGY BE A HINDERANCE. Make it easy on the bank. Scan your tax returns to PDF files. Make sure that PDF file is under 5MB so the bank can easily receive it. Label each file so that the lowest level clerk at the bank could easily understand what it is. Send files through email -- a lot of banks can't use Dropbox or other file share systems. Make sure you share any passwords needed to open files. Confirm that bank receives your emails and can open them. Attention to detail like this can save days in processing time.

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5. GATHER YOUR DOCUMENTATION AHEAD OF TIME. In addition to tax returns and a personal financial statement, any lender will want: Rent Rolls, Copies of Leases, Interim Financials, Seller's tax returns, LLC Formation Documents, Operating Agreements, K-1s, Certificates of Insurance, Environmental Reports, etc. Have them all scanned and labeled well in advance. Invest the time to knock this out and you will be thankful it is done. When you deliver information to lenders piecemeal problems occur.

Segal Financial is a commercial loan advisory firm who matches businesses that need financing with the right bank. We work very closely with borrowers to ensure they are well prepared for their financing search and then we introduce them to banks that are most likely to deliver the right loan program at the best terms.

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