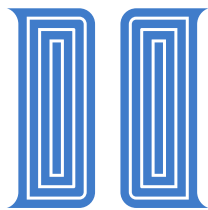


# Business Loan Application Checklist



**INVESTORS**  
COMMUNITY BANK

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**THIS CHECKLIST WILL HELP YOU  
PREPARE FOR A PRODUCTIVE MEETING  
WITH YOUR BANKER AND ENSURE A  
SMOOTH LOAN PROCESS.**

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## **WHAT YOU NEED TO HELP ENSURE AN EFFICIENT LOAN PROCESS**

Whether you're looking to purchase an existing company, a small business owner looking to expand or an entrepreneur ready to launch a new startup, you'll need financing to help you succeed. But before you head to the bank, do your homework to make sure you have all the necessary documentation and information to confidently demonstrate why financing your big idea or expansion is the right decision for both you and the lender.

# What Information and Documentation Do I Need?

Streamline the loan process by proactively preparing and organizing all the information your banker will need to move forward with the application, including

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## **BUSINESS PLAN (for new business or major expansion)**

A solid business plan should include a brief description of your business, the competition, market area, any customer concentration and the impact of any trends on your business. Make sure to include necessary start-up costs.

## **INCOME PROJECTIONS FOR TWO YEARS, WITH ASSUMPTIONS (New Business)**

Includes: gross sales receipts, cost of goods sold, gross profit, expenses, wages, advertising, rent, depreciation, supplies, utilities, fees, interest, maintenance/repairs, taxes, insurance, bad debts and net profits before and after taxes. For a new business or major expansions, year one should include a month-to-month cash flow projection.

## **PAST FINANCIAL STATEMENTS**

Include balance sheet and income statements for your business and any affiliates for the last 3 years, plus a copy of your Federal tax returns.

## **AGING OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE**

Be prepared to discuss any accounts over 90 days past due. If a report does not agree with the current financial statements, provide an explanation of the discrepancy.

## **PERSONAL FINANCIAL STATEMENTS**

Recommended for all owners with at least 20% ownership, including non-owner guarantors. Financial statements must be signed and current within the last 60 days.

## **PERSONAL TAX RETURNS**

Recommended for all owners and guarantors for up to the prior three years.

## **BUSINESS DEBT SCHEDULE**

Include any business notes or loans and capital leases. Let your banker know if you'd like to refinance any current debts with your proposed credit request. Providing a copy of any note agreements and/or loan statements is helpful.

- Include creditor, account number, loan purpose, original amount and issue date, present balance, interest rate, monthly payment, maturity date, collateral and whether you are current or delinquent.

## **CURRENT YEAR TO DATE FINANCIAL STATEMENTS**

Should be less than 60 days old and include a prior year for your business and any affiliates.

## **OWNER(S) AND KEY MANAGEMENT INFORMATION**

Detailed personal information may be required, including addresses, phone numbers, spouse names, social security numbers, date of birth, educational background and work experience.

- Short biographies or resumes detailing background information on owners and key management are beneficial in the application process.

## **IDENTIFICATION VERIFICATION**

Provide a copy of appropriate personal identification, as required by the U.S.A. Patriot Act, a law intended to help government agencies detect and prevent possible acts of terrorism or sponsorship of terrorist groups. Documentation verifying your company's federal tax identification number is also required.



## Additional Information That May Be Needed

The following additional information may be needed before final approval of your loan, but isn't absolutely necessary to have early on in the process. Each business situation is unique, and your banker will let you know exactly what you need to provide.

### ARTICLES OF INCORPORATION OR ORGANIZATION

Include current or amended by-laws or operating agreements and any partnership agreements.

### COPY OF BUSINESS LICENSES AND REGISTRATIONS

Includes items required for you to conduct business (e.g., seller's permit or environmental permits).

### COPY OF EXISTING OR PROPOSED REAL ESTATE LEASE(S)

The terms/options of a proposed lease should equal or exceed the requested loan term.

### LIST OF BUSINESS ASSETS AVAILABLE FOR COLLATERAL

Include a current equipment list with a detailed depreciation schedule or copies of bank statements for cash collateral.

### NEW EQUIPMENT PURCHASE INFORMATION

Provide a purchase order that includes the make, model, serial number and other relevant information.

### COPY OF FRANCHISE AGREEMENT

If a franchisee, include Federal Trade Commission Disclosure Statement and franchisor's most recent year-end financial statement.

### EXECUTED OFFER TO PURCHASE

Needed if financing a business, real estate or stock purchase.

### BUSINESS VALUATION

Required for business or stock purchase, and must be ordered by the bank.

### APPRAISAL

Required if real estate or significant equipment is pledged for loan purpose, and must be ordered by the bank.

### ENVIRONMENTAL SITE ASSESSMENT

If real estate is taken as collateral, you may be required to have an environmental risk assessment. The level of assessment varies based on the prior, existing and proposed use of the property.

### COPY OF EXISTING LIFE INSURANCE POLICY

Needed if pledged or required for the requested loan.

# What Information Will I Need to Provide on a Loan Application?

You may be able to request a business loan application ahead of your meeting or download one from the bank's website. In addition to the documents listed above and your company information (e.g., company name, address, type of business, start date, number of employees, etc.), the formal loan application will ask detailed questions about you and your business venture. Generally, you'll need to provide:

## AFFILIATES

If your business or its principals own 20% or more of another business, you'll need to provide its name and the number of employees.

## PROJECT COSTS

This can include real estate, new building construction, building improvements, machinery, furniture, inventory, working capital, acquisition costs and source of funds/equity.

## OWNERSHIP

Owners/stockholders may need to answer personal background information questions

## PREVIOUS GOVERNMENT/MUNICIPAL FINANCING

If your business or any principal or affiliate has requested government financing in the past (including government-backed student loans), you'll need to disclose that information.

## SIGNATURES

All owners, partners, stockholders with 20% or more ownership interest and guarantors must sign the application.

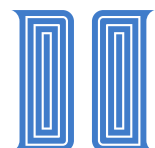
Gathering the documentation you need to secure a commercial loan will take some time, but it is time well spent. Your thorough preparation will show your lender you have put significant, well-reasoned thought into the project or venture. When equipped with the right information, both you and your lender can feel more confident taking the next steps.

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