

# How to Apply for a Business Loan

Before you decide to apply for business financing, it's important to have all the information at hand. The more organized you are, the better your chances of success.

Loan amount	<input type="text"/>	<b>Monthly payments*</b>
Loan length	<input type="text"/> Months	
Annual interest rate	<input type="text"/>	

\*Loans subject to status and eligibility. This calculator is intended as a guide only. The estimated repayment amount is not a quote or offer from the bank. If you apply for a loan, we will review your application and your results may differ from what is indicated by this calculator. Full terms and conditions are available on request.

## Define The Purpose Of Your Loan

A strong business case gives you a stronger chance of loan approval. Start by clearly identifying why you need the loan. Common reasons include:

- Buying inventory
- Expanding your business
- Purchasing new premises
- A combination of the above

Write in detail all the reasons that apply and include them in your loan application.

## Prepare A Business Plan

While UFCU does not require a business plan to apply, having one can strengthen your application. A solid business plan should include:

- Break-even analysis (especially if you're a new business)
- Supporting data for your business idea
- Market research and competitive analysis

## Create A Sound Financial Plan

Your business plan should include:

- Financial statements (past 1-3 years if applicable)
- Cash flow forecasts for the next 12 months
- A forecast profit and loss statement
- A projected balance sheet

These documents help demonstrate your business's financial health and repayment ability.



## Decide How Much You Need To Borrow

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Use your financial forecasts to determine the amount of funding required. Include a breakdown of how the funds will be used, such as:

- Leasing additional office space
- Purchasing equipment or furniture
- Hiring new employees
- Launching or marketing new products or services

## Plan How You Will Repay The Loan

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Before applying, develop a repayment plan. Consider:

- How long you'll need to repay the loan
- How much your business can afford to pay monthly
- Whether your repayment plan aligns with your projected profits

Including this plan in your application shows that you're serious about managing the loan responsibly.

## Security

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Lenders often require some form of security to mitigate risk. This could include:

- Equipment
- Vehicles
- Property

If you offer collateral, be prepared to:

- Provide documentation of ownership
- Get insurance for the asset and provide proof of insurance

Offering sufficient and well-documented security can improve your chances of approval and may help you negotiate better terms.



## How You Run The Business

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To strengthen your application, provide a clear picture of your business operations:

- Who owns the business and their roles
- Your business structure (e.g., corporation, partnerships, sole proprietorship)
- What you sell or produce
- Your business location and trade area
- Lease terms or other agreements

This context helps lenders understand your business's stability and potential.

## Financials

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Your business should generate enough cash to meet operational costs, current obligations, and new loan payments. Ensure your:

- Tax returns are up to date
- Financial reports are accurate and current

These documents help lenders assess your ability to repay the loan.

## Note

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This guide is for informational purposes only and should not replace professional financial advice. Please consult a financial advisor before making any decisions that could affect your business.

Visit [UFCU.org](https://UFCU.org) for more information.

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Visit [UFCU.org/BRC](https://UFCU.org/BRC)

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