

A background image showing a business meeting. Two people are seated at a wooden table. On the left, a person in a white shirt has their hands clasped. On the right, a person in a striped shirt is writing on a document with a pen. The table is covered with various business documents, including bar charts and pie charts. A laptop is also visible. A large orange speech bubble is centered over the image, containing the text 'True Experts'.

True Experts

THE BASICS OF FINANCING A BUSINESS

BY CALEB KHON



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BUSINESS RELATIONSHIP MANAGER

TRUE Community Credit Union presents Caleb Khon as one of our TRUE Experts. Khon is our Business Relationship Manager and has been in this position for two years. Khon prospects for new and existing business members in Ingham and Jackson Counties.



Business owners often struggle to find ways of securing capital for new endeavors. Asking a financial institution for a business loan can be intimidating if you have not been through the process before. However, there are many ways to get your current needs financed, even for small businesses. Financing can help with anything from a commercial real estate purchase to a line of credit to help with the ups and downs of the market cycle and many other options.

Business financing has the ability to finance much more than a credit card or a real estate purchase. Any type of collateral can be used to secure a business loan. Financial institutions can even secure loans based on inventory held on hand from a machine shop or accounts receivable for a dentist's office. If it is big enough to take a line on the balance sheet, it is likely big enough for financing.

Financing begins with a look at the company's balance sheet and three years of financials. Businesses that do not have the full three-year financial history can often qualify through a combination of a business plan and projections. While this may sound intimidating to small businesses, there are many helpful tools and companies available to walk you through the process.

While cash flow and financials are one of the main considerations in business financing, the five C's of credit still apply. The five C's of Credit are Capacity, Capital, Collateral, Conditions, and Character. Underwriters will look at each category to determine your ability to repay the loan. Each will be scrutinized to a greater extent than they would be for a personal vehicle loan or credit card.

TRUE Community Credit Union can help you meet your business' financing needs. Our business department has tools available to craft a solution that fits your business' strengths and needs. Reach out to one of our Business Relationship Managers today to discuss what options may be available.