

Documentation Requirements for Business Loans

Business Loan Basics:

- ***BTCU does not accept loan applications from “start-up” businesses.*** However, a member may be eligible for a loan to purchase an existing business. In certain situations, a member may be able to apply for a personal loan to fund a business endeavor. However, collateral will be required (e.g., home equity).
- ***BTCU does not accept loan applications from non-union businesses that operate in the building and construction trades, nor from other types of businesses that compete against unionized businesses.***
- ***We cannot quote interest rates on business loans until after all required documentation has been submitted and reviewed.***
- At least one of the principal owners of the business must be eligible for membership in BTCU before a loan application can be accepted from the business. For labor unions and affiliated organizations, the organization must be within BTCU's field of membership.
- **All loans made to a business entity must be personally guaranteed by the business owner(s)** (does not apply to labor unions and other not-for-profit organizations).
- ***Fees are charged for all business loans.*** These fees depend on the type, size, and complexity of the loan. The minimum fee is \$300. Certain fees must be paid in advance and are non-refundable. The payment of a fee does not guarantee that your loan request will be approved.
- Business loans can be complex. Please allow adequate time for your application to be processed. For non-real estate loans, allow a minimum of two weeks. For real estate loans, please allow at least four weeks.
- Other information not listed below may be required. Each loan is different, and each circumstance will have its own documentation requirements. You will be notified if additional information is required.

Loan Applications

To apply for a business loan, complete BTCU's Business Loan Application (available at www.buildingtradesCU.com) and provide ALL of the information listed below. Your loan application cannot be processed until all documentation is received. Please use this sheet as a checklist to ensure you have included all necessary items with your application. Completed applications and documentation should be delivered to:

Bill Daehn
Building Trades Credit Union
12080 73rd Ave N
Maple Grove, MN 55369-5260

If you have questions, call Bill at 763.255.2616 (M-F, 9 AM to 5 PM).

General Information Required

- Completed and signed business loan application.
- A brief written description of how you will use the loan proceeds (purpose of the loan).
- Documentation of your ownership of the business (for a corporation, provide a copy of the *Articles of Incorporation*; for a partnership, provide the partnership and/or operating agreement; for an LLC, provide the management or operating agreement). If the loan will be used to purchase a business, describe how the business is or will be organized (corporation, LLC, partnership, etc.)
- If the business operates under a business name (rather than your personal name), provide a copy of the *Certificate of Assumed Name* from the Minnesota Secretary of State (registration of your business name is required by state law).
- If your business is organized as a corporation, provide documentation showing who the officers of the corporation are (President, Secretary, etc.). A “secretary” must be appointed. The officers should be named in the corporation’s *Articles of Incorporation* or *Bylaws*.
- A copy of each owner/guarantor’s drivers license (needed for identification purposes).
- If your business operates in the building, construction, or finishing trades, provide evidence that your business is a signatory to the appropriate union’s labor agreement (BTCU does not lend to non-union construction-related businesses).
- If the loan proceeds will be used to payoff an existing debt, provide a statement showing the current balance owing, the address to which payments should be sent, and the account number (if applicable).

Financial Statements for the Business

- Business federal tax returns (complete with all schedules) for 2009, 2008, and 2007.
- 2010 year-to-date income statement and current balance sheet for the business.
- Financial projections for the business for 2010-11 (if available).
- If the business undergoes an annual audit by a CPA, or has financial statements compiled by an accountant or bookkeeper, provide these financial statements for the most recent three years (balance sheet and income statement).
- A detailed debt schedule for the business. List all debt owed, including amount, interest rate, amount of monthly payments required, and maturity date.
- For loans to Labor Unions, JATCs, and other union-affiliated organizations whose funding is partially or wholly dependent on workers’ hourly contributions, provide details on hourly contribution rates and a five-year history of hours worked.
- If the business owns (or will own) rental property, provide a copy of the standard lease agreement, a list of renters showing the amount of monthly rents and the lease expiration dates.

Personal Financial Statements for the Business Owners and/or Loan Guarantors

- Personal federal tax returns (complete with all schedules) for 2009, 2008, and 2007 from each business owner and/or each personal who will be a guarantor on the loan.
- Current personal financial statement (balance sheet) listing all assets and liabilities as of the date of the loan application.
- A detailed personal debt schedule. List all debt owed, including amount, interest rate, amount of monthly payments required, and maturity date.
- If you own rental property, provide a copy of the standard lease agreement, a list of renters showing the amount of monthly rents and the lease expiration dates.

Collateral and Evidence of Insurance

- Provide the original title for any titled vehicles that will be used as collateral. Titled property used as collateral must be titled in the name of the business, or the property's owner must be listed as a co-borrower on the loan.
- Address and description of any real estate that will be used as collateral and a copy of the deed.
- If loan proceeds will be used to purchase, or make improvements on, real estate property, provide details on the costs of purchases and planned improvements. If you have bids from contractors who will be doing the work, provide statements of the work to be done and copies of written bids or estimates of the costs.
- If the loan proceeds will be used to purchase a vehicle or other equipment, provide a copy of the Purchase Agreement or invoice for the item(s).
- If the collateral property is insurable, provide Proof of Insurance. If you are using a vehicle, real estate, or other insurable property as collateral, provide the name, address, and phone number of the insurance agent who will insure the property.