



Welcome to Signal Financial Federal Credit Union



What Is A Credit Union?

- **Not-for-profit** financial cooperative
- **Federally chartered and insured**
- **Membership is limited** to persons having a common bond
- **Membership extended to family members**
- **Once A Member, always A Member**



Credit Union Share Insurance

Is my Money Safe?

The NCUA is an independent agency of the United States Government. The NCUA regulates, charters, and insures the nation's federal credit unions. Not **one penny** of insured savings has ever been lost by a member of a federally insured credit union.

Funds are insured up to \$250,000.



The Credit Union Difference

- Retail and Commercial
- Member vs. Customer
- Distribution of Profits
- Satisfaction of Service
- Interest Rates and Fees
- Products and Services



How to Become A Member

Documents required for Business Accounts

- Marketing letter requesting to join Signal Financial, Certificate of Business Entity, Corporate Charter, Partnership Agreement, Articles of Incorporation,
- IRS letter for non-profit status (if applicable)
- Proof of Physical Address of the business
- Identification for each owner, officer or authorized signer (DL or other Government ID)
- Business TIN or EIN
- Articles of Organization



Business Services Checking Products

- Basic Business Checking
- Economy Business Checking
- Economy Business Checking Plus
- Business Dividend Checking
- Business Dividend Checking Plus
- IOLTA Checking
- Analysis Checking
- Sweep Account
- Business ZBA Checking
- Business Money Market Checking



Business Services Loan Products

- Equipment Financing
- Working Capital Financing
- Commercial Real Estate
- Government Contracting
- SBA Loans-7A & 504
- Business VISA
- Expansion loans



Loan Package Documents

- Loan Application
- Personal financial statement on all guarantors
- YTD balance sheet, income statement, current accts receivable aging, current accts payable aging
- Last 3 years business and personal tax returns
- Backlog and Pipeline report
- Business plan and commentary on where the future lies
- Resumes on the management team
- Current year cash flow and income/expense projections
- 3 months bank statements as well as current statements showing balances including any loans
- Breakdown of proposed funds

Helpful Hints on the Application Process

DO

- Establish a relationship with a banker prior to funding requests
- Fill out the application completely
- Provide all documents requested
- Check your math
- Disclose everything

DON'T

- Seek funding in financial emergencies
- Expect an answer without a completed application
- Worry about packaging
- Lie



Information Preparation

Your Team

Marketing

- Your business plan should contain your strategic plan which should contain your marketing plan. Cannot put flyers on cars.

Legal

- Most businesses fail within the first 5 years due to legal issues.

Accounting/Systems

- You can use accounting packages but why take the time?

Banking

- Do you have a relationship with a banker?

Coach

- Who keeps you accountable and/or mentors you?

Loan Decision Process

The 5 C's of Lending

- Credit
- Capacity
- Capital
- Collateral
- Character/Conditions

It's important to manage your personal credit carefully.

Statistics show that the way you handle your personal credit is a strong indicator of how you'll manage your small business credit.

The lender's goal should be to confirm that the borrower's history meets *or exceeds* the credit underwriting guidelines for the loan.

Several factors may be considered separately. Not meeting any one of them could drop the borrower into a lower credit grade.

The credit report will be compared to underwriting guidelines or the lender's underwriting matrix to evaluate the following:

Credit Continued

- The FICO score - Is it within an acceptable range for the loan program? How does the lender determine the score -the lower of two or the middle of three?
- The mortgage payment history - Is the number of late payments at or below the lender's standard?
- The number and characteristic of each open trade lines:
 - The quantity - Are there enough traditional credit trade lines? If not, is alternative credit allowed. If so, what are the documentation requirements for alternative credit sources?
 - The installment/revolving account payment history - Is the number of late payments at or below that stated standard?
 - The installment/revolving account age or seasoning - Does the account meet the aging requirement -12 months, 24 months, etc.

Credit Continued

- The installment/revolving account credit limit - Does the account meet the required standard for credit line limit?
- Here is an example of a lender's trade line *requirements: Minimum of 3 trade lines, 1 year established, with 1 credit line of \$1,000 or more*
- Public records - Are there any? Were they disclosed? What is the status? How will they affect the underwriting decision?
- Social security number(s) - Are they consistent with the information disclosed on the 1003?
- Derogatory credit - Can we document the status? Has it been satisfied or will it be satisfied on or before closing?
- Inquiries -How many have there been in the past 6 months?
- Duplicate entries - Can you confirm that it is in fact a duplicate? Can you get it removed prior to underwriting submission?

Credit Repair

- Pay your bills on time
- Do not open new lines of credit
- Pull your credit report and score at least 90 days before you apply for a loan

www.annualcreditreport.com

- Dispute any entries that are incorrect
- Do not pay for a credit repair service
- Seek help

Capacity

The lender will consider the cash flow from the business, to determine the probability of successful repayment of the loan.

Your business plan and/or prior year(s) financials must show that you can produce enough cash to repay the loan. This is the most critical of the five Cs.

- Business plan
- YTD balance sheet, income statement, current accts receivable aging, current accts payable aging
- Current year cash flow and income/expense projections
- Backlog and Pipeline report

Capital (Cash)

How much equity do you have? This money may be obtained from your deposits, an equity loan against your personal residence or other sources. You need to be prepared to put something on the line to ensure your business's success.

- Last 3 years business and personal tax returns
- Personal financial statement on all guarantors
- 3 months bank statements as well as current statements showing balances including any loans

Collateral

A lender looks at collateral as an additional credit enhancement. It won't necessarily make the monthly payments, but it could, if liquidated, help repay the loan. Other types of collateral such as accounts receivable and inventory may be at a lower percentage rate or lower maximum Loan-to-Value.

- Listed in loan application
- Listed in personal financial statement
- Evidenced in last 3 years business and personal tax returns

Character/Conditions

Your educational background and business experience will be reviewed, along with your credit score. Lenders try to ascertain character through credit reports but also may seek information as to company or business reputation. Letters of recommendation from customers, testimonials and references can reassure a lender concerning character and reputation.

- Management team resumes

Is it a good time to be in your business? Is there a market for you products and services?

Branch Locations

Washington DC:

- McPherson Square - 1401 Eye Street
- Columbia Heights - 1400 Irving St NW Ste. 115
- Potomac Ave - 1391 Pennsylvania Ave SE

Maryland:

- Kensington, MD - 3015 University Blvd.
- Largo, MD - 9500 Arena Drive

Virginia:

- Reston, VA -
12355 Sunrise Valley Drive
- Alexandria, VA -
5510 Cherokee Avenue, Ste. 130



Access to Signal Financial

- **FREE** Online Account Access
 - Bill Payer
 - E-Statements
- ATM networks
 - Co-Op
 - Allpoint
- Shared Branch Banking
 - Location, location, location!
- ACH Origination



Contact Information

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