



CROSSFIRST BANK

Commercial Lending Options

Term loan vs. Line of Credit

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Workshop Goals

Five Cs of Credit

Understanding Your Financial Needs

Term Loan vs Line of Credit

Application Process and Requirements



Five Cs of Credit

- **Capacity:** Can you repay now and in the future?
- **Capital:** What personal funds and profits have you invested?
- **Collateral:** Personal or business assets you can use to repay the bank **IF** you default.
- **Character:** Your history of following through in life and business.
- **Conditions:** Do external factors favor the success of your business?

Other Considerations by Lenders

- Background or general questions
- Management and employee questions
- Business operation questions
- Financial questions
- Personal questions

Understanding Your Financial Needs

Diverse financial needs for most contractors

- 1) Project Financing
- 2) Equipment Purchase
- 3) Working Capital
- 4) Seasonal Cash Flow
- 5) Expansion

OVERALL: The bank is needs to know why the business need funding!

Loan Option

Definition: A loan provides a lump sum of capital upfront, which is repaid over a fixed period of time with interest.

BENEFITS:

- Predictable Payments
- Fixed Interest Rates
- Suitable for Specific Projects or Investments
- Long-Term Planning

USE CASES:

- Acquiring Real Estate
- Purchasing Equipment
- Major Renovations

Line of Credit Option

Definition: A line of credit is a revolving credit facility that allows you to draw funds up to a predetermined limit, repay, and reuse.

BENEFITS:

- Flexibility in Accessing Funds
- Pay Interest Only on What You Use
- Ideal for Short-term Needs
- Emergency Situations

USE CASES:

- Covering Operational Costs
- Managing Seasonal Fluctuations
- Handling Unforeseen Circumstances

Loan vs. Line of Credit Comparison

- Interest Rates
- Term Length
- Flexibility

Application Process

- Required Documentation
- Approval Timeline
- Disbursement Process

Required documentation

Business Loan Application Checklist

- Business credit application
- Personal credit report
- Most recent business **AND** personal tax returns
- Most recent business financial statements
- Personal financial statement
- Collateral information
- Sales contracts/ purchase orders
- Business lease or loan agreements
- Business license
- Disclosures if you own other businesses or your business has partners
- Business plan (a plus, but not required)

Questions?

Thank you

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