


Business Loans FAQs

What types of business loans does Call Federal offer?

We currently offer term loans, vehicle loans, lines of credit, and commercial and residential (rental) real estate loans for businesses. See the table below to see which product is right for you:

	Business Line of Credit	Business Term Loans	Business Vehicle loans	Business Residential/Commercial Real Estate
Features	Revolving line; 1 year term with possibility for annual renewal; min. payment 3% OR \$25, whichever is greater; rate varies monthly	Term with rate fixed up to 60 months	Terms from 36 to 84 months; fixed rate	Terms up to 10 years; Amortized up to 25 years (commercial real estate) or 30 years (residential); fixed or variable rate options
Purpose	Fund general working capital needs; AR/Inventory; business growth; shorter-term cash needs	Make specific large purchase with a fixed payment and term; i.e. equipment purchase, capital improvements, facilities expansion, marketing, other business expenses	Purchase or refinance a vehicle being used for business use	Purchase, refinance, or improve (cash out) residential rental or commercial buildings
Possible Collateral	Business assets, Real Estate, Deposit Accounts	Equipment, Accounts Receivable, Inventory, Real Estate, Deposit Accounts, Vehicles, etc.	Business-use Used or New Vehicles; Fleet vehicles	Residential 1-4 Family, Commercial buildings to include special-purpose (i.e. car wash)
Benefits	Borrow and repay funds as needed, up to credit limit - Flexibility ; Access to cash without higher cash advance rates - Convenience	Full amount given up front to buy something at a set payment on a set schedule, at a competitive rate	Potential tax deductions; competitive rates	Buy investment property, office or warehouse, instead of leasing! Expand existing facility; Add new location to existing operation; competitive rates with the option to pay a lower payment amortized over a length of period beyond the loan term! (Flexible terms/ cash flow). Ability to purchase a property that generates revenue, and take advantage of potential tax benefits
Best if:	"I know I'll need funds but I'm not exactly sure when"	"I know what I need and when I need it"	"I use my vehicle for work purposes and would love to write off the expense!"	"I'd like to invest in a property instead of renting or leasing, to gain equity and grow my business wealth"

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You need seasonal or short-term cash flow coverage; access capital until clients pay you; purchase inventory when need it

You need cash up front to purchase equipment, or any other type of fixed asset

You are using a vehicle for business purpose and wish to reduce your personal liability & increase your tax benefits (write-offs, depreciation)

You want flexible lending options to meet specific needs for office or other purposes, including purchase, improvements or refinance

Can I apply for business loan or line of credit online?

Yes! You can initiate a business loan or line of credit request through our online application portal [here](#). After submitting the online application, a business lending specialist will follow up with you to complete the request. You may also schedule an appointment or apply in person at your local branch.

Can I get preapproved for a loan?

We do not offer preapprovals on any business loans or lines of credit at this time. Each loan request goes through our business underwriting team for review.

What are the minimum requirements to apply for a business loan?

We require that the business become a member of CFCU prior to loan funding, and either the business headquarters or loan collateral must be located in the Richmond Metro Statistical area.

In addition, the business should be operating for a minimum of two years. Call Federal does not currently offer loans for start-up businesses.

What is a start-up business?

A new or start-up business has been in business for less than 2 years.

What information do I need to apply for a business loan?


Apply for the loan online or at a local branch. The following forms will be required to be completed and signed prior to underwriting decision:

- Business Loan Application
- Certificate of Beneficial Ownership form
- Personal Financial Statements for each guarantor
- Business Debt Schedule
- Schedule of Real Estate Owned, if applicable

Additionally, please be prepared to provide:

- Name, ID information, address, DOB, SSN, and title of each business owner, guarantor, and controlling person
- Business and personal financial information

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- Business entity formation documents (i.e. Articles of Incorporation, Articles of Organization, Partnership Agreement, etc.)
- Completed and signed Application forms as listed above, and also available at your local branch.
- 2 years of tax returns for the business and all guarantors, plus interim financial statements if available

What is a beneficial owner?

A beneficial owner is an individual who either directly or indirectly owns 25% or more of equity interests in the business, and a single individual with significant control of the legal entity customer (CEO, General Partner, CFO, Treasurer, etc.)

Why do you need this information on the beneficial owners?

In May 2018, a federal regulation was enacted that requires all financial institutions (including credit unions) to obtain, verify, and record information about the beneficial owners of our business customers. We need to collect this information, regardless if that person is a member of Call Federal or not.

Certain entities (sole proprietorships, unincorporated associations, Organizational, Non-Profits, and certain trusts) do not require beneficial owners.

Does Call Federal work with the Small Business Administration (SBA)?

No, not at this time.

Are there any business loan options I cannot apply for through Call Federal?

At this time, we are not offering:


- SBA loans
- Business credit cards
- Overdraft loans/lines of credit
- Construction and development loans
- Land/land development loans
- Faith-based loans

Are there any fees to apply?

No-- We do not have any application fees or up-front fees just for applying. Please note that closing costs, origination fees, and other third-party fees may be due at closing, depending on your loan type and amount.

What are your origination fees/closing costs, and how do I pay them?

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Closing costs or origination fees can be either rolled into the loan/advanced or paid at closing. Please note that these fees do not include business real estate closing costs and are subject to change at any time:

<u>Lines of Credit</u>	<u>Term Loan</u>	<u>Vehicle Loan</u>	<u>Residential/ Commercial RE</u>
\$50 Origination fee for up to \$15,000 OR .75% for lines over \$15,000	\$50 closing fee for loans up to \$25,000 OR OR .75% for loans > \$25,000	\$50 closing fee for loans up to \$50,000 OR .75% for loans > \$50,000	\$1,000 OR .75% origination fee, (whichever is greater)

Additional fees for lien search and recording fees may apply.

Real estate loans include additional costs, including appraisal fees, environmental reports, flood certifications, attorney fees, and other third party fees, which are not listed above.

Are your rates and fees competitive?

Absolutely! We shop our local competitor's rates and products on a regular, ongoing basis to ensure we remain competitive in the market.

What things will you look for in deciding whether or not my business qualifies for the loan?


We evaluate various sources of information, including but not limited to industry trends, business credit reports and scores, the credit reports/scores of all the guarantors, business cash flow & financial trends from tax returns, history & management of the business, collateral, liquidity, leverage, profitability, payment performance, and the business and member's overall relationship at Call Federal.


Do you offer a business credit card option?

At this time, we do not have a business credit card option, but feel free to check out our unsecured and secured business lines of credit to help with your working capital needs!

Why should I choose Call Federal for my business?

Call Federal is your local credit union with the expertise when you need it, and we are always committed to helping businesses of all sizes right here in our community. Because credit unions are not-for-profit financial institutions that are owned by their members, we are able to offer flexible terms and lower interest rates and fees than most

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traditional banks. In choosing us, you will be supporting a local institution that invests in the community. How great is that?

Furthermore, you won't discover superior service anywhere else! With us, you'll have the advantage of a dedicated business relationship manager who will guide you every step of the way, ensuring you have access to the finest products and services tailored to your business. Furthermore, we aim to streamline your banking experience. With us, you have the convenience of having all your banking and lending needs under one roof. From personal accounts and personal loans to business accounts and business loans, we offer comprehensive solutions, all under one roof! We're eager to be your trusted partner on your business journey, celebrating your achievements and growth alongside you!

Why would I need to apply for a business loan or line of credit? Why should I not just apply for the loan in my name?

If the borrowing need is for business purpose, you can apply for a business loan. Having the loan in the business name will help establish business credit, and the sooner you do this, the better! Just like individuals, businesses have their own credit reports and scores too, which is a strong indicator of how financially reliable your company is. When unexpected economic events occur (such as Covid-19), you may need to open a line of credit just to remain operational and stay afloat. It's best to be proactive and establish credit *before* an emergency comes up and you need it. The consequence of not doing so could be the difference between whether your business survives and thrives through these unexpected events or fails in the future.


Depending on your company, you may find that you need business credit to help purchase a new vehicle or equipment, buy inventory, expand your business into a new market, cover payroll, or just bridge the gap when money gets tight. Business credit helps separate your personal and business finances, and having a strong business credit score can help lower business insurance rates and make financing more accessible.


Additionally, there may be certain tax benefits in putting the loan in the business name. Please consult your tax advisor to discuss those potential benefits.

What factors impact business credit score?

Since the business credit score applies to the businesses instead of individuals, the score is typically determined using information from the business credit report, including past payment history on business credit accounts, trends over time, number of trade experiences, outstanding balances, credit utilization, age of credit history, debt, company age, type of industry, business size, employee count, and other public record and historical data of the business.

What are the credit bureaus for business, and how can I access them?

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There are 3 major credit bureaus that report on business credit: Dun & Bradstreet (D&B), Experian, and Equifax. Score ranges from each of the bureaus may differ. You can read about how to access your business credit reports on each of their websites:

- [Dun & Bradstreet](#)
- [Experian](#)
- [Equifax](#)

Will applying for a business loan affect my personal credit?

Simply applying for the loan should not impact your personal credit, since it is only a soft credit inquiry that is completed at the time of application.

Business loans typically do not show up on your personal credit, unless you are using your social security number for the business tax ID number. Bear in mind that if you are a guarantor on the loan, you will be responsible for making the payments, and then your personal credit may be impacted if the business defaults on the loan.

Who needs to guarantee a business loan?

We require individuals with majority (51%) ownership, or individuals who control the operation of the commercial entity, to provide their personal guarantees for the full loan amount. In addition, all individuals who own 20% or more of the business must be guarantors on the loan request.

How do I know whether I need a loan or line of credit?

The purpose for your loan will determine which product will best suit your business needs. If you are purchasing a business asset, then a loan is typically the best choice.

If you are looking for something to help with cash flow and working capital, and is revolving so you can re-use the funds as you make payments, then a line of credit is going to work best. Feel free to consult with your business specialist at your local branch for help in deciding which product you need.

I want to buy a single-family rental property and put the loan in my LLC's name. Can I apply for a business loan for this?

Yes! We do offer business residential real estate loans to help finance properties that are used for business purpose.

What other property types do you offer business financing for?

With our commercial real estate loans, you can purchase multi-family properties, office buildings, industrial/warehouse buildings, retail, manufacturing, healthcare facilities,

veterinary offices, hospitality buildings, and other special purpose buildings (i.e. car washes, bowling alleys, etc.).

What terms do you offer for your loan products?

Please see the below chart for our loan terms by product type.

Vehicle Loans	36, 48, 60, 72, or 84 months
Secured Term Loans	36 or 60 months
Unsecured Regular Term Loans	24, 36, 48, or 60 months
Line of Credit	12 months with option for renewal
Large Secured Term Loans	60 months fixed, higher terms possible
Residential Real Estate	10 year max. term with 30 year max. amortization
Commercial Real Estate	10 year max. term with 25 year max. amortization

My business line of credit is nearing end of its draw period term and I want to be able to use it for longer. What do I do?

If your line of credit is about to expire, you can apply for a renewal to extend the term further. We recommend applying for the renewal at least 30 days prior to your expiration date to ensure you will have uninterrupted access to the funds.

What is the difference between term and amortization term for the residential and commercial real estate loans?

A loan term is how long you have to pay (# of payments being made). For example, a loan with a 10-year term and 30-year amortization, you will have 10 years of making payments, and that payment will be based on a 30-year payment calculation. This leaves you with a larger payment at the end of the loan, also known as a balloon payment. You have an option to apply to refinance the loan prior to the final payment date to avoid having to make a larger balloon payment, which will be subject to underwriting approval and refinancing closing costs and fees.

What is a UCC filing, and when is it needed?

A Uniform Commercial Code lien filing is a lien that lenders file to stake a claim on a borrower's assets in the even of default. We file a UCC lien when there are certain types of collateral involved in the business loan request.

What is collateral, and why would I want to consider it or possibly need it for a business loan or line of credit?

Collateral is any asset or multiple assets used to secure the loan in the event you stop making payments and go into default. It may be requested to secure the loan or line, as it reduces the risk to the credit union and can motivate borrowers to repay their loans. In addition, loan requests with collateral carry lower interest rates than unsecured requests

without any collateral. Some collateral types that may be used may include, but are not limited to:

- Inventory
- Cash in a share savings account
- Accounts Receivable
- Real estate
- Vehicles
- Equipment/machinery
- Other assets

Where can I get some free resources to help me start and/or run my business?

Fortunately, there are several great resources to help you through your business journey! We recommend checking out the following websites:

- [Chamber of Commerce](#) has helpful information on which business entity type may be right for you
- [SCORE.org](#) has several free resources and templates available, including webinars, events, mentorships and start-up business plan and financial templates you can use for your business!
- [U.S. Small Business Administration \(SBA\)](#) has a very useful Business Guide section, including an [article](#) about how to establish business credit quickly!
- [Ready.gov](#) Business Toolkit provides business leaders with FREE step-by-step guides to help the business prepare for earthquakes, hurricanes, inland flooding, power outages, and severe wind/tornadoes, and help with continuity planning.
- [OSHA.gov 's FREE Small Business Safety and Health Handbook](#) provides small business owners with workplace safety and health information and includes a complimentary self-inspection checklist for employers to identify workplace hazards.
- [Resources from Federal Trade Commission's Bureau of Consumer Protection](#) to help if buying a franchise

How can I get more information about your loan options?

Please reach out to your local branch to talk with a business specialist and apply, or feel free to email us with your questions at businessservices@callfederal.org. Thank you!