



Business Lending Guide



Whatever your needs and goals are as a business owner—to expand your business, invest in new or upgraded equipment, help with cash flow, increase inventory, or improve marketing—you may need a business loan or line of credit.

Understanding how business loans work can help you feel prepared when you apply for your loan.

In this guide, we'll cover everything you need to find the right lending solution to fund your business's growth, including:



Reviewing the different types business loans to become more familiar with the loan products available to business owners.



Meeting with a lender to determine the right fit and review the criteria for securing a loan.



Starting your Business Loan Application to obtain the right loan for your business.

Let's get started!

When it comes to commercial and business loans, which one makes the most sense for your immediate or long-term business needs?

First, let's look at the types of available business loans:

Business Line of Credit

A business line of credit is a loan that works more like a credit card but often with better terms. It gives you access to borrow up to a certain amount at any time, and then pay back what you borrow over time.

The benefit is that you only owe interest on what you borrow, but you have access to the remainder of your line of credit if necessary. Keep in mind that some restrictions may apply based on the structure of your account.

Owner-Occupied Real Estate Loans

Is your business outgrowing its current space? Owner-occupied real estate loans might be the solution for you. These loans are ideal for business owners wanting to finance an office, warehouse, or commercial spaces they'll operate out of. Let's say you're a manufacturer and are looking to expand operations in to a larger space to move your operations and warehousing under one roof. This type of loan could help you secure that perfect spot in town.

Term Loans

A term loan gives your business permanent working capital. This enables you to purchase equipment, explore new markets, or invest in new products. A term loan can also be used for making strategic acquisitions, whether it's a stock purchase or an asset purchase, this loan can help support the growth of your company.

Rather than risking a higher variable rate, a term loan lets you amortize the debt over the lifespan of the asset. For example, if you use the loan for purchasing a company vehicle, your loan could be amortized over five years, allowing the debt to be repaid in full by the time the vehicle is fully depreciated.

Term loans can be used in a number of varying ways, allowing your company to focus on capital expenditure needs, or strategic growth in new markets or new product lines. Offering competitive rates, our business lending experts can help you determine the best loan for your business.

Should You Choose a Loan or Line of Credit?

The answer for your business may be either, or both. For example, you could use a business loan to help finance working capital needs while utilizing a line of credit to serve as backup in case you need quick access to cash.

If you're navigating an industry with cash flow fluctuations where you need intermittent access to funds for essentials like payroll, a line of credit is an ideal solution. Picture this: you run a seasonal business that peaks in the summer. During off-peak times, you still need to pay your team even if sales slow down. With a line of credit, you can bridge those gaps to ensure your staff gets paid on time and your business keeps running smoothly.

Discovering the right solution to fit your business's unique needs begins with a conversation with a trusted lender who can serve as your partner to help you find the right fit.



When you meet with your banking team, you'll be able to discuss your reasons for needing a business loan and the different types of business loans that may be a good fit. They'll also review the criteria for securing a loan and work closely with you throughout the lending process.

For these reasons, you should choose a bank with an experienced team that understands your business needs.

Once you schedule a time to meet with a lender, they will ask you to come prepared with the following documentation. Keep in mind that other information may be needed throughout the process, but these documents will help get the process started on determining the best financing option for your business:

- Three years of business tax returns for your company.
- Year-to-date internal financials with previous year comparables.
- Current debt schedule (monthly payments and terms).
- Current accounts payable and accounts receivable reports.
- Signed and dated personal financial statements for all guarantors.
- Three years of personal tax returns and K-1s for all guarantors.

- A K-1 is an official federal tax form used to report earnings and losses when there is an investment in a partnership.

The right business loan or line of credit may be just what your business needs to grow and thrive, but you don't have to figure it out on your own. Having that conversation with a business lender will help you evaluate your options and find the solution that works for you.



At Blue Grass Federal, we're committed to supporting our local business community. We believe in nurturing growth where it matters most — in our neighborhoods.

Our broad selection of commercial and business loans were all designed with your success in mind. And because we're a mutual bank, that means our decision-makers are right here in the community. You'll enjoy a quicker, more personalized lending process with experts committed to seeing local businesses thrive. You'll enjoy direct access to a banker who takes the time to understand your industry and needs, who in turn can give you one-on-one advice tailored to your business. By choosing us, you're not just securing a loan — you're building a lasting relationship that prioritizes your success.

Watch what Sherry Lanter had to say about her experience:



Visit Us Today

Our business banking team can guide your business through the process of choosing a business loan – and help the application process go smoothly.

Schedule your business loan consultation at our branch.

[Find Our Branch](#)





The Mutual Bank Difference: We're Owned by You

With us, your deposit dollars are reinvested close to home. Just by doing your everyday banking with us, you're helping to foster economic growth in the neighborhoods where we all live and work.

Our employees invest their time to support various local events, organizations, and community service efforts. We make decisions that benefit you, the community, and our employees — NOT shareholders.

When we reinvest in our community, it creates economic growth and prosperity for everyone we serve. That means your neighbor can start that business they have been dreaming of and your children can buy their first homes — which encompasses the true meaning of mutual banking and everything we stand for.

bluegrassfederal.bank   

 **EQUAL HOUSING LENDER • MEMBER FDIC**