

Do's and Don'ts of Commercial Borrowing

1. Provide complete and accurate information. Include tax returns, operating statements and rent rolls, both current and historic.
2. If you are asked to complete a commercial loan form, be sure to fill every applicable blank space.
3. Provide a concise but complete "story" or business plan in the form of a "Commercial Loan Request." Big packages go to the bottom.
4. Don't hide any problems. Tell us where "the hair" is.
5. Give strengths vs. weaknesses with mitigating factors.
6. Provide pro-formas and budgets.
7. Provide biographical information including activities with similar commercial properties, if possible. Similar, successful experience is a big plus.
8. Address capitalization, sponsorship and liquidity. Where is the money coming from to make the down payment, what reserves will be provided, what are sources of cash flow if there is a chance the property will not cover the debt service adequately? Are outside lines of credit available?
9. Tell us about the market for your commercial property.