



## North Side Community FCU Small Business Loan Frequently Asked Questions

### **Q: Am I eligible to apply for a loan?**

A: Applicants must be at least 18 years old. It is the general policy of the Credit Union that all loan applications will be judged on individual merit under the guidelines of the Equal Credit Opportunity Act. Applicants' debt ratios and delinquency/bankruptcy predictors will be considered in the approval process. Applicants must not have any current collections accounts, nor have filed bankruptcy in the past three years.

### **Q: What types of businesses are ineligible?**

A: (not an exhaustive list) Adult stores; liquor stores; Message Parlors; Non-Profits; Real Estate Investment/Development; Lending, Gambling, Firearms and Weapons Dealers, Religious Organizations.

### **Q: What are eligible uses of loan funds?**

A: Establishment of a new business

- Expansion of an existing business
- Job creation and/or retention
- Purchase of equipment/machinery/supplies or inventory
- Start-up operating costs and working capital

### **Q: What are ineligible uses of loan funds?**

A: The following types of uses are ineligible:

- Construction or physical expansion of existing operations
- Payment of other loans or consolidation of existing debt
- Repayment of partners or shareholders
- Real estate purchases
- Production or distribution of any illegal substance or activity
- Non-business expenses or activities, investments, or pyramid schemes

### **Q: What are the fees?**

A: There is a \$25 dollar application fee due at the time of application and fees to cover collateral filings (UCC lien, mortgage lien, auto title lien, etc) due at closing which can be paid with loan proceeds.

### **Q: What are the terms and rates of the loan?**

A: The loans are up to \$35,000 for an existing business and \$15,000 for a start-up (less than six months in operation). The term is up to 5 years with an interest rate of prime + 2% at closing. Purchase order financing is 1 year with interest rate of prime + 10%

### **Q: What is the application process and how long will it take?**

A: 1) PRE-APPROVAL

The first step is to call or get online to download an application. You can mail, e-mail, fax back or drop off in person application to the credit union at the contact information listed below. If pre-approved, we will contact you to set up a meeting. We will send you a list of required documentation to bring to the meeting. (We will possibly put you in

contact with a local Small Business Development Center for free technical assistance to assist with completion of the application)

2) IN PERSON INTERVIEW

We will discuss the concept and loan request and make sure loan package is complete. Additional documentation will be requested if necessary.

3) APPROVAL/DENIAL

You will receive approval or denial within 10 business days of submitting a completed loan application.

4) LOAN CLOSING AND DISBURSEMENT OF FUNDS- A closing date will be set and funds will be disbursed within 10 business days of approval.

**Q: Are there other requirements to consider?**

A: Once approved, loan recipients are required to have a quarterly technical assistance meeting with a Hull House Small Business Development Center Counselor.

Payments must be made via ACH from a business checking account.

Applicant will become a member of North Side Community FCU by opening a savings account with a minimum initial deposit of \$150

**Q: Who do I contact with questions?**

A: Tom Laures, Small Business Loan Officer, at 773-769-5800 x225 or [t.laures@northsidecommunityfcu.org](mailto:t.laures@northsidecommunityfcu.org)