

PERSONAL. PROFESSIONAL. PERFECT FOR YOUR BUSINESS.

BUSINESS LOANS

WHAT YOU NEED TO KNOW

CONTACT BUSINESS SERVICES

1-877-418-1462

navyfederal.org

We serve where you serve®

Federally insured by NCUA. © 2011 Navy Federal NFCU 1292 (6-11)



NAVY 
FEDERAL
Business Services®

Planning to apply for a business loan? At Navy Federal, we give every credit request the respect it deserves.

Your business is important—not just to you, but to us. When you apply for a business loan, we take time to analyze your information using the “Five Cs of Credit” test.

Understanding the “Five Cs of Credit”

To increase the chances of getting approved for a loan, become familiar with the five Cs: capacity, capital, collateral, conditions, and character.

Capacity. Make sure your business plan demonstrates your business’ ability to repay the loan, as capacity is the most critical of the five Cs.

Capital. Law prohibits us from lending 100% of your start-up or acquisition costs, so to get a loan you’ll need to provide some capital. This may come from deposits, an equity loan against your personal residence, or money from other sources.

Collateral. When evaluating a loan application, a lender will generally look at collateral as an additional credit enhancement. If the collateral is property, the loan request cannot exceed 80% of the property’s value. Other types of collateral, such as accounts receivable and inventory, may qualify you for a lower annual percentage rate or lower maximum Loan-to-Value.

Conditions. Be prepared to demonstrate that there is a market for your business. This should be based on the local, regional, and national economy; the competitiveness of the business; the type of industry and your experience in it; and your experience managing a business.

Character. This includes your educational background, business experience, and the general impression you make on the lender. Remember, we’ll also check your credit score, so it’s important to manage your personal credit carefully. Statistics show that the way a person handles personal credit generally indicates how he or she will manage business credit.

Before applying for a loan, answer the following questions:

- ▶ Is my business in compliance with all local, state, and federal regulations?
- ▶ Have I researched and evaluated my competition?
- ▶ Am I providing a viable product or service despite the competition?
- ▶ Am I committed to making my business succeed?

Business Plan Help

Before applying for a business loan, create a business plan that demonstrates your knowledge of your market. For help developing a plan, consider turning to the people at your local Service Corps of Retired Executives (SCORE) office, or visit them online at score.org. For little to no cost, SCORE will help you formulate your ideas into a business plan.

For more information, please call Navy Federal’s Business Services Group at 1-877-418-1462.