

## Questions Before Borrowing

## Borrower's History and Operations

1. How did you get started?

2. Who owns the company? What is the percentage breakdown of ownership?  
What is the legal form of the business?

Name	Title	% of Ownership	Type of Legal Entity

3. What products are sold? What specific services do you provide?

Product or Service	Customers	Billing Terms

4. Who are your customers (top 5-10)? How many *active* customers do you have?

<b>Customers</b>	<b>Billing Terms</b>

5. Do you sell more than 10 percent to any one customer?

<b>Customers</b>	<b>Billing Terms</b>

6. Who is your competition? How do you compete? What distinguishes your product or service from your competitors?

7. Who provides your banking services? What services do they provide?

<b>Bank</b>	<b>Services</b>	<b>Years with Bank</b>

8. How many employees do you have?

Management \_\_\_\_\_

Administrative \_\_\_\_\_

Sales \_\_\_\_\_

Labor \_\_\_\_\_

9. What is management's background/industry experience? (Include a resume/vitae.)

10. Who is your accountant? May we contact the accountant with questions?

### **Financial Information**

11. What are your selling terms (invoice, collection)?

12. Are invoices mailed and collected within 30 days?

13. Can you provide us with an aging of accounts receivables and payables?

14. Who are your trade creditors?

<b>Creditor</b>	<b>Amount</b>	<b>Purpose</b>

15. Who are your other creditors (lenders, lessors)?

<b>Creditor</b>	<b>Loan Amt.</b>	<b>Purpose</b>	<b>Interest Rate</b>	<b>Monthly Pmt.</b>

16. How do you intend to use the money and how will it be repaid?

<b>Source</b>	<b>Use</b>	<b>Amount</b>	<b>Repayment</b>

17. What are your vendor terms?

18. Do you own or lease your equipment? If you lease, how much is your lease payment?

19. Have you loaned money to the business? If so, is there a note that evidences repayment of the loan?

### **Future Operations**

20. What percentage sales growth do you project for next year?

21. Do you plan to purchase any new equipment? If so, what type and for how much?

22. Do you plan to add any new products or services?

23. What are your income statement growth projections for the next 12 months?

24. Is your office or staff sufficient for the next 3-5 years?

## **Strategy**

25. What are the major challenges facing your business?

## **Additional Questions for Borrowers**

26. Are the business's books and records up-to-date and in good condition?

27. Does the business have a legal advisor?

28. Do you pay your obligations promptly?

29. How much insurance coverage do you have for the business and the owners?

## **Accounts Receivables**

30. What is the quality of the accounts receivables? Have any accounts receivables been pledged to another creditor?

31. Are your customers paying you promptly?

32. Is there an allowance for bad debts?

## **Inventory**

33. Can your merchandise be sold at full price?

34. How much raw material do you have on hand?

35. How much work is currently in progress?

36. How much of production consists of finished goods?



37. Is too much of your money tied up in inventory?

38. Is the inventory turnover in line with industry norms?

### **Fixed Assets and Equipment**

39. What is the type, age, and condition of the equipment? What are the depreciation schedules?

<b>Type of Equipment</b>	<b>Age</b>	<b>Condition</b>	<b>Depreciation Schedule</b>

40. What are the future fixed-asset and equipment needs for the business?