

NEIF Commercial Financing

APPLICATION SUBMISSION GUIDELINES



See below for a guide to the application package NEIF needs to review/approve customers for financing.

Eligibility Includes:

- Valid business entity with proper registration (LLC, Corp, Sole Proprietor, etc.)
- Satisfactory credit history and financial statements
- Minimum of 2 years in business (start-up businesses may require additional scrutiny, personal guarantees)
- No outstanding tax liens, bankruptcies, or major legal issues

Commercial & Non-Profit Entities

■ Amount Financed < \$150,000

- NEIF Commercial Financing application: <http://commercial.neifund.org/apply>
- Contractor scope of work/proposal
- May need additional documents if credit approval proves challenging, such as business financials, personal guarantee, cross corporate guarantee, etc.

■ Amount Financed > \$150,000

- NEIF Commercial Financing application: <http://commercial.neifund.org/apply>
- Contractor scope of work/proposal
- 3 years of business tax returns **OR** 3 years of audited financials
- Most recent interim financials (income statement and balance sheet)
- Current debt schedule (short and long term debt obligations)

■ Other Common Occurrences

- Up-to-date debt service schedule
- **Non-profits** may submit the IRS Form 990 in place of tax returns/audited financials
- Multi-family buildings & office buildings require an up-to-date rent roll

Municipalities/Public Schools

■ Regardless of Project Size

- NEIF Commercial Financing application: <http://commercial.neifund.org/apply>
- Contractor scope of work/proposal
- 3 years of audited financials
- Most recent interim financials (income statement and balance sheet)

When Does NEIF Need a Personal Guarantee?

Generally, commercial finance is based only on an evaluation of business credit. In some cases, NEIF will require a personal guarantee (**PG**). A PG is a very common feature of commercial equipment financing. We have found that it is commonly the added factor that makes a business finance request earn an approval— when the business credit itself isn't sufficient.

A PG will be always be required if the borrower is either:

- Sole proprietorship or single member LLC, and/or
- Time in business \leq 2 years

Upon initial credit review, a PG may be requested to bolster creditworthiness.

A Cross Corporate Guarantee (**CCG**) of a similarly owned business may be considered in place of a PG (case by case). See next page for more information.

What is a Personal Guarantee, and Why Might NEIF Ask For It?

When you sign a personal guarantee (PG), it means that you are personally standing behind your business' financial obligation.

Here are a few things to know:

- A personal guarantee DOES NOT involve a loan. It stands behind a loan and only comes into play if the loan defaults (i.e. your business defaults). It does not show up in a credit report and it does not require that you make any payments— unless your business defaults.
- A personal guarantee DOES NOT involve a personal credit pull.
 - The credit inquiry will show up on your credit report. In and of itself— that is not a negative factor, but if you have many instances of different creditors pulling your credit, it can eventually affect your credit.
 - If you have a recent personal bankruptcy or if your personal credit is not good, then the PG may not be enough to get your business' loan request approved.

NEIF will never pull your personal credit or initiate a PG without your permission.

The first step is that you sign our Personal Guarantee Request Form. Then— and only then— we will pull your personal credit. If the PG is approved, then you will sign that personal guarantee form when you sign your business financing documents.

What is a Cross Corporate Guarantee, and Why Might NEIF Ask For it?

A Cross Corporate Guarantee (**CCG**) means that another related business that you own is standing behind the financing you've requested. Like a PG, it is common to use the CCG to support a financing request for a small, new, or not-so-profitable business. A CCG and a PG are interchangeable and serve the same purpose as one another. Like a PG, a CCG is sometimes the factor that helps move a finance request to approval.

Here are a few things to know about a CCG:

- A CCG is NOT a loan. It stands behind a loan and only comes into play if the loan defaults (i.e. your business defaults). It does not require that you make any payments— unless the business that you are financing defaults. It also does not require that the business providing the CCG make any payments unless the business seeking the new financing defaults.
- A CCG DOES NOT involve personal credit or a personal credit pull.
- A CCG is only as good as the credit of the business offering the guarantee; it works in many, but not all, cases.

NEIF will never consider a CCG and review the associated credit of your other business without your permission.

The first step is that you agree to have us look at your other, related business' credit quality. We will need the legal name, corporate address, and EIN of the other business. Depending on the size of the request, we may request the corporate guarantor's financials. If the CCG is approved, then you (and any other key owners of the CCG company) will sign for the CCG when you sign your business financing documents.

QUESTIONS?

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