



Matthew Daily  
Assistant Vice President  
Commercial Lending  
142 E. Main Street  
Princeville, IL 61559  
[mdaily@p-s-b.com](mailto:mdaily@p-s-b.com)  
309/385-4375



## *Be Prepared to Borrow*

Last month I focused on consumer finances and how to “Pay Yourself First” by offering a few tips designed to maximize your income. My primary responsibilities at PSB revolve around commercial lending so I’d like to discuss some preparation tips business owners can do before visiting their banker with a loan request. Regardless of whether your business is a farming operation, a family-owned and operated proprietorship, or a corporation with multiple shareholders and employees, your banker will want to discuss your operation and ask that you provide several pieces of information to support your request.

There are four basic pieces of information all types of businesses need to provide: full copies of tax returns, a year-to-date profit & loss statement, a current balance sheet, and documentation for assets offered as collateral. Depending on the request, other items of information may be required. Remember, when a bank makes a loan, they are making a direct investment in the business. Therefore, the lending officer must do his or her homework to determine whether the investment will lead to returns for the business and repayment of the loan.

An underprepared applicant will raise “red flags” to lending officers so start by having answers prepared and support information readily available. This streamlines the process for both parties and lets your banker know that you are not only completely in touch with your operation, but shows you take the responsibility of borrowing seriously. Don’t be surprised or discouraged if you are asked a lot of questions. A good loan officer is cautious by nature but also is truly interested in learning about your business and how it operates.

Commercial lenders also want to see that you understand your company’s financial information and can speak fluently about it. Being able to discuss the liquidity position, coverage ratios, turnover ratios, etc. is another sign to your lender that you are in touch with the operation. Educate yourself if you are lacking in this area because it will pay off in the future. Completing an evening accounting or finance course will be well worth your time because being able to apply this knowledge will be the difference between an organization that does well and an organization that outperforms the competition.

Finally, and one of the easiest but most overlooked recommendations, keep the lines of communication open with your banker. Share your financial plan with your banker and together you’ll be better able to plan for future growth and avoid cash flow issues. We’re here to help and we enjoy using our expertise. Keeping the lines of communication open make us a resource to you instead of a roadblock.

Next time I plan to discuss the planning process for start-up businesses but would be happy to cover any topic of interest. Please contact me by email at [mdaily@p-s-b.com](mailto:mdaily@p-s-b.com) or by phone at 309-385-4375.



142 East Main Street  
P.O. Box 409  
Princeville, IL 61559  
(888) 385-4375

Shoppes at Grand Prairie  
4924 West American Prairie Dr.  
Peoria, IL 61615  
(309) 693-9494

