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# Pittsburgh Region Clean Cities ODYSSEY DAY



Randy Heranic  
Dollar Bank  
Business Banking



# Where to Go When Funding Needs Arise?

- Internal Sources (Team of Investors)
- Traditional Bank Financing
- Local, State and National Funding Programs
  - County Grants and Programs
  - Commonwealth of Pennsylvania Grants/Financing Programs
  - U.S. Small Business Administration
- Venture Capital

# Traditional Banks Can Assist You With:

## Financing Options

- Loans
- Lines of Credit
- Equipment/Vehicle Financing
- Leasing Options
- VISA Cards
- Real Estate Lending
- SBA / Government Loan Assistance Programs

## Managing Cash Flow

- Deposit Accounts
- Savings Accounts
- Online Banking
- Bill Payment Options
- Transferring Funds/Movement of Money
- Employee Banking Programs
- Fraud Protection

# If You Choose Conventional Financing - What Is Important To Your Bank?

- Background of Business
- Experience of the Owner(s)
- Competition
- Industry Analysis
- Revenue Projections
- Amount Being Financed
- The Five C's of Credit!

# The Five “C’s” Of Lending According to Traditional Banks

- **Cash Flow** – How will the loan be repaid?
- **Collateral** – What is securing the loan?
- **Credit** – What is the borrower/owner’s credit history?
- **Capital** – What is the owner’s investment into the business?
- **Conditions** – What are the current overall economic/industry conditions?

# Traditional Types of Vehicle Financing

- Vehicles are normally financed over a 5-7 year period. Terms can be lengthened if the bank is comfortable with the “useful life” of the vehicle.
- Vehicle loan interest rates are usually of the fixed-rate nature
  - Rates can be different than traditional auto loan rates
- Banks may request an equity injection of up to 10% for loans
- Leasing options are usually available but at a higher interest rate. Some leasing options provide 100% financing.
- Banks will be more conservative with loan terms if vehicles are modified for a “specific-use”. *An 18-wheel box truck without alterations may have more value to the bank than one that is specially outfitted for a certain job.*

# Traditional Banks Like Other Collateral Too!

- Real Estate
  - Commercial Property 70% (Loan-to-Value)
  - Residential Property 80%
  - Raw Land 50%
  
- Business Assets
  - Accounts Receivable 80%
  - Inventory 50%
  - Machinery & Equipment 50%
  - Vehicles 90% to 100% (unless special use)
  
- Other
  - Stocks, Bonds, etc. 80%
  - Cash Value in Life Insurance 90%
  - Cash 100%

# How to Enhance your Approval Chances

- Have a business team organized (Attorney, CPA, Consultant, etc.)
- Obtain a Business and Personal Credit Reports. Clear-up any issues (i.e. past-due payments, incorrect balances, closed or unused credit facilities)
- Be sure all taxes are paid and there are no legal issues pending
- Research your bank (not all banks are created equal)
- Show a willingness to invest in your own company
- Always have an Application Package ready to go
  - 3-Years of Business Tax Returns
  - 3-Years of Personal Tax Returns
  - An Updated Personal Balance Sheet
  - Business Plan (if it is a new business)



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# Questions and Answers!!