



FORWARD *community investments*

Loan Process

Applying for a loan can be complicated and stressful. Our staff knows this and we have developed a process to support you every step of the way. We have been providing loans to nonprofit organizations for 20 years so we are not only experienced, but very familiar with nonprofits. We encourage you to call or email us with any questions. We're here to help.

Initial Screening

Prior to submitting an application, applicants are encouraged to directly discuss the project with us. This gives us the chance to talk with you about whether your organization and project will meet our eligibility criteria.

Application

All organizations must submit an application and appropriate supporting documentation.

Review and Follow-Up

When we receive your completed application we will thoroughly review it in preparation for underwriting. This includes reviewing your financial strength and management capacity, as well as your collateral value and sources of repayment. Once we have done this, we will schedule a site visit and resolve any open issues. Finally, we check your references and obtain any other information needed to evaluate your application. We are committed to working with you throughout this process to ensure that everything goes smoothly.

Approval

All of our loans are approved by our lending committee. A loan analysis based on your completed application, supporting information and site visit is presented to the committee for a final review for consideration, discussion and approval.

Commitment

When your loan is approved, you will receive an official commitment letter that outlines the specific terms and conditions of the loan. Sign and return this letter by the date referenced.

Closing

Upon receipt of the signed commitment letter, we will request a borrowing resolution from you, complete our final closing checklist, prepare loan closing documents and establish a loan closing date acceptable to all parties. On the agreed-upon date, the loan documents are signed by the authorized loan signers and funds are disbursed.

Disbursement

After your loan has closed, the money will be transferred to your organization. Depending on the type of loan, we may require a title company to disburse the funds.

Timing

From application to loan closing can take as little as 30 days or much longer depending on the timing of the project. To move things along, it helps when you respond to our requests in a timely manner.

Repayment

You are required to make all your loan payments and meet all of the terms in the loan agreement. We monitor this closely. We are always a phone call away if problems arise and you find that you are unable to meet the agreed-upon loan terms.

Glossary

Underwriting

FCI's lender will process the information from your application, analyze your nonprofit and loan request, conduct a site visit and prepare the final loan analysis that is presented to our lending committee. During the underwriting process, it's highly likely that we will be in touch with you regarding questions that arise during our analysis of your organization. The faster you respond to these questions, the faster your loan will be submitted to our lending committee for review.

Loan Analysis

The analysis is a written review of the organization's internal capacity – including management and financial (past, present and future) – to take on and repay debt. This analysis – usually about 8 to 12 pages in length – includes a recommendation that the FCI lender makes to the lending committee. This recommendation is shared with you prior to its presentation so that you understand and accept the proposed (but not yet final) terms of the loan.

Lending Committee

FCI's lending committee is comprised of experienced bankers, developers and nonprofit executive directors from across the state, all of them being familiar with nonprofit finance. These committee members meet every other week to review loan requests. During the course of their review, they ask questions and share opinions about the loan request. Once it comes times to make a final decision, it is not uncommon for them to add a term or two to the final loan recommendation.

Approval

Your loan is approved! You can expect a phone call from your FCI lender following the lending committee to tell you the good news. With the next five days, you can expect to receive a commitment letter for your review and approval.

Commitment Letter

The commitment letter will provide details about the loan amount, interest rate, collateral required, as well as other important terms and conditions of the loan. Accompanying this commitment letter will be a borrowing resolution. Your FCI lender will be available to discuss any aspect of the commitment letter. After you have reviewed the letter, you will need to sign and return it to FCI; upon its receipt, we can begin the steps to close your loan.

Borrowing Resolution

As far as the borrowing resolution, this is a form that contains a resolution of the Board of Directors of your organization authorizing the corporation to borrow money according to the said terms of the commitment letter. The resolution also names the officers and/or members of the Board of Directors authorized to sign the loan documents. (NOTE: This information is usually found in the most recent version of your organization's by-laws.)

While you do not need to present the borrowing resolution with the signed commitment letter, the sooner you can return the borrowing resolution to us, the sooner we can begin to prepare the loan closing documents.

Loan Closing

Upon receipt of your signed commitment letter, closing instructions will be forwarded to our loan closer. Please note that your signed commitment letter serves as authorization for FCI to incur costs in preparation of the loan closing; these are costs for which you will be responsible even if the loan does not close.



Depending on the use of loan proceeds – i.e. building acquisition, equipment purchase, line of credit – and the complexity of the transaction, the longer it will take to close your loan. If your loan request does not involve real estate, your loan will typically close within 7-14 days of FCI receiving the signed commitment letter. If real estate is involved, you can expect the closing process to take 14+ days. During the closing process, reports such as the appraisal and environmental reports, title insurance, and lien searches will be ordered, reviewed, and approved.

Closing Checklist

FCI will provide you with a checklist of all the items needed to close your loan and will work with you to collect these items. We will always be available to answer any questions you have about the process and the closing checklist requirements. The sooner the checklist requirements can be met, the sooner the loan can close.

Loan Closing Date

Once all the items on the closing checklist have been received and successfully reviewed, the loan closing will be scheduled. Your lender will contact you with the time and place of the closing and discuss any items you may need to bring to the closing. Once all loan documents have been signed at the closing table, the loan proceeds will be disbursed in accordance with the requisite transaction documentation. At the closing, you will also be presented with a payment schedule and information regarding your payments. You are officially an FCI borrower! Welcome!