



Dear Nonprofit Applicant:

Thank you for visiting our website and downloading this nonprofit loan application. We look forward to working with you to find financing that best meets your organization’s needs. To make this process easier, please take a moment to read the following information about the application process and paperwork.

How does Self-Help decide if my organization qualifies for a loan?

We review the following items to decide if you qualify for a loan. If we spot weakness in one area of the application, we are willing to look for strength in another area. If we spot a weakness in more than one area, though, we may not be able to offer a loan at this time.

- Management – do you have a successful financial track record and strong, stable leadership?
- Cash flow – does your income cover your expenses? If not, you must have enough equity or net assets/fund balance to cover foreseeable losses.
- Collateral – what collateral is available to secure the loan? Collateral is especially important if your organization is not strong financially or is a start-up.
- Equity – does your organization have positive net assets/fund balance?
- Credit history – does your organization meet credit obligations responsibly?

What forms do I submit to apply for a loan?

A checklist of items you need to submit to us is on page 2 of this package. Most of the forms you need to submit are in the attached pages. A few items we will need, such as your organization’s tax returns, are **not** forms in this package. Just follow the checklist and you’ll stay organized.

What do I do when I have my application package completed?

Please mail or deliver your completed application package to the nearest Self-Help branch. Self-Help’s offices and their addresses are listed below.

What should I make sure not to forget?

Sign all forms where indicated. The items requiring your signature include the personal financial statement, the commercial loan application form, and tax returns. Also, before you mail your completed loan application package to us, make a copy of the application package to keep for yourself. We keep all application materials sent to us and cannot return submitted forms.

If you have any questions about this package, the forms, or the application process, please feel free to contact the nearest Self-Help branch.

Our locations

Asheville:	34 Wall St., Suite 704, Asheville, NC 28801	(828) 253-5251	(800) 229-7428
Charlotte:	926 Elizabeth Ave., Suite 302, Charlotte, NC 28204	(704) 409-5900	(800) 394-7428
Durham:	301 W. Main St., PO Box 3619, Durham, NC 27702	(919) 956-4400	(800) 476-7428
Greenville:	301 S. Evans St., Suite 306, Greenville, NC 27858	(252) 752-8866	(800) 893-9669
Wilmington-Cape Fear:	1109 New Pointe Blvd., Suite 4, Leland, NC 28451	(910) 371-2034	

SELF HELP NONPROFIT LOAN APPLICATION CHECKLIST

To provide you with the most efficient service, we ask that you please submit a complete application package. Please mail or deliver your completed application package to the loan officer listed on the business card with this package. This is who will work with you on your application. (If there is not a business card enclosed, then please call a nearby Self-Help branch and ask for the loan officer's name.) If you have questions concerning application forms or materials, feel free to call your loan officer.

Make a check in the appropriate box after you have included the item in your loan package. Please be aware that your loan officer may request additional items after receiving your loan application package.

Include these items with your loan application package

Check off when completed

Signed Commercial Loan Application (enclosed)	
Signed Personal Financial Statement (enclosed) * <i>If married, submit a joint statement with your spouse.</i>	
Copy of Personal Federal Tax Returns for Most Recent 2 Years*	
Copy of Business Federal Tax Returns for Most Recent 2 Years	
Internal or Audited Financial Statements for Most Recent 2 Years (for existing organizations only) <i>Not required for loans under \$35,000.</i>	
Current Year Internal Financial Statements Within the Last 60 Days (for existing organizations only)	
Projected Monthly Cash Flow for 12 Months <i>A form is enclosed as a guide. You do not need to use it as long as you provide us with similar information.</i>	
Business Notes Payable Schedule (enclosed)	
Resume(s) of Key Management and a list of your Board of Directors with their affiliations	
Signed Disclosure Statement (enclosed)	
Project Budget, Plans, and Bids/Estimates from contractors for renovation/construction projects (<i>if applicable</i>)	
Business Plan (for new organizations only) <i>A form is enclosed as a guide. You do not need to use it as long as you provide us with similar information.</i>	

*Nonprofit organizations may not need to provide personal guarantees for a loan depending on certain credit underwriting criteria. To determine if this is applicable to your organization, please call Self-Help.

SELF HELP COMMERCIAL LOAN APPLICATION

BASIC INFORMATION Please tell us about your business or organization.				
Business or Organization Name			Who referred you to us?	
Street Address			City	
State	Zip Code	County	Federal Tax ID # (if incorporated)	
Type of Business		Date Started	Today's Date	
Legal Structure (please check one)				
<input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Nonprofit Corporation <input type="checkbox"/> Limited Liability Corporation <input type="checkbox"/> Legal Partnership <input type="checkbox"/> Sole Proprietorship Are you thinking about changing your legal structure? Yes <input type="checkbox"/> No <input type="checkbox"/>				
Contact Person		Business Phone ()	Home Phone ()	E-mail
Number of employees now:			How many jobs will this loan create?	
Briefly describe your business or organization & what you plan to do with this loan:				
PROJECT INFORMATION Please tell us about your project and/or start-up budget.				
Uses of Funds			Sources of Funds	
Land and/or Building Purchase	\$ _____	Loan Requested \$ _____ Owner's Investment \$ _____ Other Funding Sources (specify) \$ _____		
New Building Construction	\$ _____			
Building Improvements	\$ _____			
Machinery and Equipment	\$ _____			
Inventory	\$ _____			
Working Capital	\$ _____			
Other _____	\$ _____			
Other _____	\$ _____			
Total Project Uses \$ _____		Totals should equal	Total Project Sources \$ _____	
COLLATERAL Please tell us about the assets available to secure this loan.				
Asset	Value of Asset	Loans on Asset	Address of Asset	
Property 1	\$ _____	\$ _____		
Property 2	\$ _____	\$ _____		
Inventory	\$ _____	\$ _____		
Equipment	\$ _____	\$ _____		
Accounts Receivables	\$ _____	\$ _____		
Other (please specify):	\$ _____	\$ _____		
Other (please specify):	\$ _____	\$ _____		
Name(s) of Possible Co-Signer(s) for Loan Request:				

MANAGEMENT INFORMATION AND ACKNOWLEDGMENTS

Please read the following and complete the information below.

The undersigned hereby certifies that the information contained in this application and related materials is true and correct. The undersigned hereby further certifies that the proceeds of any loan made as a result of this application will be used for business or organizational purposes only, and will not be used for personal or consumer purposes. The undersigned hereby affirms that he or she does not discriminate on the basis of race, color, religion, national origin, gender, marital status, or age. The undersigned hereby acknowledges that (1) no loan officer has authority to commit Self-Help to any loan without prior approval by Self-Help’s credit committee and (2) any loan commitment must be in writing and signed by an authorized representative of Self-Help. Self-Help is authorized to make all inquiries Self-Help deems necessary to verify the accuracy of this statement and to determine the creditworthiness of the business or organization. The undersigned also authorizes Self-Help to answer questions and inquiries from others seeking credit experience information about the business or organization.

Please provide this information for the Executive Director, Treasurer and/or Board Chairperson.

Name (print) _____	Name (print) _____	Name (print) _____
Address _____	Address _____	Address _____
SSN or TIN ____ / ____ / ____	SSN or TIN ____ / ____ / ____	SSN or TIN ____ / ____ / ____
Date of Birth _____	Date of Birth _____	Date of Birth _____
% Ownership _____	% Ownership _____	% Ownership _____
Title/Function _____	Title/Function _____	Title/Function _____
Signature _____	Signature _____	Signature _____
Date _____	Date _____	Date _____

Please send this application form and the required attachments to the Self-Help office nearest you, as listed below. We suggest that you keep a copy of the materials you are sending to Self-Help, since we will not be able to return them to you.

IMPORTANT: Please refer to the enclosed checklist. Complete all necessary forms and attach additional items listed on the checklist. Your application CANNOT be processed without inclusion of ALL required materials. If you have any questions about your application, please call a Self-Help office.

SELF-HELP REGIONAL OFFICE LOCATIONS

Asheville:	34 Wall St., Suite 704, Asheville, NC 28801	(828) 253-5251	(800) 229-7428
Charlotte:	926 Elizabeth Ave., Suite 302, Charlotte, NC 28204	(704) 409-5900	(800) 394-7428
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PERSONAL FINANCIAL STATEMENT

This is a(n) _____ Individual Financial Statement _____ Joint Financial Statement. (If married, you must submit a joint statement with your spouse.)

As of Date _____

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock or (4) any other person or entity providing a guaranty on the loan.

Name of First Individual		Name of Second Individual	
Social Security Number or Taxpayer Identification Number (TIN)		Social Security Number or Taxpayer Identification Number (TIN)	
Address	Yrs. At Address	Address	Yrs. At Address
City, State, Zip	Birth Date	City, State, Zip	Birth Date
Employer	Yrs. At Employer	Employer	Yrs. At Employer
Home Phone ()	Work Phone ()	Home Phone ()	Work Phone ()

ASSETS	Omit Cents	LIABILITIES (Show total balances due)	Omit Cents
Cash (Complete Section 1)	\$ _____	Accounts Payable	\$ _____
Savings Accounts (also include in Section 1)	\$ _____	Installment and Revolving Credit Accounts (Describe in Section 3)	\$ _____
IRA or Other Retirement Account	\$ _____	Loan on Life Insurance	\$ _____
Accounts & Notes Receivables	\$ _____	Mortgages on Real Estate	\$ _____
Life Insurance--Cash Surrender Value Only (Complete in Section 7)	\$ _____	Unpaid Taxes (Describe in Section 6)	\$ _____
Stocks and Bonds (Describe in Section 4)	\$ _____	Other Liabilities (Describe in Section 6)	\$ _____
Real Estate (Describe in Section 5)	\$ _____	TOTAL LIABILITIES	\$ _____
Automobile(s)--Present Value	\$ _____	NET WORTH (Assets minus Liabilities)	\$ _____
Other Assets	\$ _____		
TOTAL ASSETS	\$ _____		

Section 1. Deposit Accounts				Section 2. Sources of Annual Income	
Financial Institution	Acct. Number	Acct. Type	Balance		
				Salary/Wages	\$ _____
				Net Investment Income	\$ _____
				Real Estate Income	\$ _____
				Other Income (Describe below)	\$ _____
				TOTAL ANNUAL INCOME	\$ _____

Other Income: (Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.)

Section 3. Installment Loans, Credit Accounts and Auto Payments
 Any attachments must be identified as part of this statement and signed.

Name and Address of Note holder(s)	Original Balance	Current Balance	Monthly Payment	How Secured or Endorsed and Type of Collateral

Section 4. Stocks and Bonds

Use attachments if necessary. Each attachment must be identified as part of this statement and signed.

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 5. Real Estate Owned

List each parcel separately. Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.

	Property A	Property B	Property C
Type of Property (residential/commercial)			
Title in Name of:			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Balance			
Amount of Payment per Month			

Section 6. Other Liabilities

YES

NO

If you answered YES to any of the questions on the left, describe below or on a separate piece of paper.

Are you a guarantor, co-maker, or endorser for any debt of another?			
Are you currently liable on any lease or contract?			
Are there any suits or legal actions pending against you?			
Are any tax obligations past due?			
Are you obligated to pay alimony, child support or separate maintenance payment?			
Have you ever had a judgment recorded against you?			
Have you ever filed bankruptcy? If yes, provide date of discharge.			

Section 7. Life Insurance Held

Name of Person Insured/ Insurance Company	Face Amount of Policy	Cash Surrender Value	Loans On Policy	Is Policy Assigned?

I am providing this financial statement for the purpose of obtaining or maintaining credit with SELF-HELP on my behalf or on behalf of others whose credit I may endorse, cosign, or guarantee. I understand that SELF-HELP is relying on the information provided within this statement (including the designations made as to ownership of property) in deciding to grant or continue credit. I certify that THE INFORMATION PROVIDED IS TRUE AND COMPLETE and that SELF-HELP may consider this statement to be true and correct until a written notice of a change is given to SELF-HELP. SELF-HELP is authorized to make all inquiries SELF-HELP deems necessary to verify the accuracy of this statement and to determine my creditworthiness. I also authorize SELF-HELP to answer questions and inquiries from others seeking credit experience information about me. If this is a joint financial statement, these representations and warranties are from each of us.

I HAVE READ, UNDERSTAND, AND HEREBY MAKE THESE REPRESENTATIONS AND WARRANTIES

Signature _____ Date _____

Signature _____ Date _____

NONPROFIT CASHFLOW STATEMENT

This form is meant to serve as a guide. We need this information for our credit evaluation but you may use whatever format works for you. Feel free to write over the months to make it fit your fiscal year or some other relevant time frame. An automated version of this Excel file can be downloaded from Self-Help's website (www.Self-Help.org).

Name of Organization _____

	Enter the month																		TOTAL
Money Received per Month																			
List Grants Anticipated (enter \$ amount in month disbursement is expected and put an * by grants that are committed):																			
1																			
2																			
3																			
4																			
5																			
6																			
7																			
8	Individual donor contributions																		
9	Special events																		
10	Service/fee revenue																		
11	Other revenue (list):																		
12																			
13																			
14																			
15	TOTAL REVENUES																		
Money Spent per Month																			
16	Grants and allocations (made by your organization)																		
17	Staff salaries/benefits																		
18	Payroll taxes																		
19	Professional fundraising fees																		
20	Accounting and legal																		
21	Supplies (office, cleaning, food, program)																		
22	Telephone																		
23	Postage and shipping																		
24	Mortgage or rent (please circle which one)																		
25	Utilities																		
26	Property taxes																		
27	Insurance (hazard, liability, vehicle, D&O, other)																		
28	Equipment rental and maintenance																		
29	Printing and publications																		
30	Travel																		
31	Conferences, conventions, and meetings																		
32	Advertising																		
33	Staff development and training																		
34	Non-Self-Help loan payments																		
35	Self-Help loan payment (if not included in line 24)																		
36	Other expenses (please list)																		
37																			
38																			
39																			
40	TOTAL EXPENSES																		
40	Total cash flow (line 15 minus line 40)																		

BUSINESS NOTES PAYABLE SCHEDULE

Business Name: _____

Date: _____

Please include on this schedule all existing notes and long-term leases of your organization, including mortgages, revolving credit arrangements, factoring agreements, equipment leases and any other type of debt, secured or unsecured.

Creditor	Original Amount	Original Date	Balance Due	Interest Rate	Maturity Date	Monthly Payment	Collateral



DISCLOSURE OF RIGHT TO REQUEST SPECIFIC REASONS FOR CREDIT DENIAL

The undersigned Applicant hereby acknowledges that he/she is aware that under the provisions of the Equal Credit Opportunity Act, he/she has the right to receive a written statement of the specific reason(s) for the denial if this application for credit is denied. To obtain the statement, please contact Self-Help, Attention: Commercial Loan Department, 301 West Main Street, Durham, North Carolina 27701 within sixty (60) days from the date of notification of the credit denial. Self-Help will send the Applicant a written statement of the reason(s) for the denial within thirty (30) days of receiving the request for the statement.

Applicant _____

Date _____

**Please sign above and return the yellow copy to us with your application materials.
Retain a copy for your files.**

**301 West Main Street
PO Box 3619
Durham, NC 27702-3619
(919) 956-4400
FAX (919) 956-4600
www.self-help.org**



BUSINESS PLAN

Business Name _____

Date _____

Describe the service/product you will offer. Provide as much detail as possible.

Describe qualifications and experience of management and other employees, and any outside professional services (accountants, attorneys, etc.).

Describe the market area, market trends, and customers you will service. Describe your advertising, promotions, pricing and customer service.

Who is your competition? Be specific. What are the advantages of your product or service?

What are your plans for growth or expansion? How does this relate to working capital, equipment and /or your building (location, size, age, zoning, condition)?

What is your financing plan? Please specify how much money you can put towards the project and how much money you need to borrow.

Include additional comments on separate pages.

PROJECT BUDGET

Business Name: _____

Use this form to show which items you hope to cover through a Self-Help loan, which items you already have or plan to pay for (owner's contribution), and which items you will obtain through other sources of funding. Only complete the categories that apply to your operation.

***EXAMPLE:** You are applying for a loan to purchase a building for a child care center. You have some money in savings for a down payment, but you need Self-Help to finance the building and some of the playground equipment. You have received a grant for some of your equipment needs. The budget for this example might look like this:*

Use	Source of Money to Pay for the Item				
Item	Cost or value ¹	Loan from Self-Help	Owner's Contrib. ²	Loan from other source	Other (grants, etc.)
<i>Real estate purchase</i>	<i>\$150,000</i>	<i>\$120,000</i>	<i>\$30,000</i>		
<i>Outdoor equipment/furniture</i>	<i>\$15,000</i>	<i>\$8,000</i>	<i>\$2,000</i>		<i>\$5,000 (grant)</i>

YOUR BUDGET:

Use	Source of Money to Pay for the Item				
Item	(A) Cost or value ¹	(B) Loan from Self-Help	(C) Owner's contrib. ²	(D) Loan from other source	(E) Other (grants, etc.)
Real estate purchase					
Land purchase (if not included above)					
Site-related expenses (see flip side of page)					
Construction/renovation costs (attach bids)					
Construction contingency (10% of construct. costs)					
Building "soft" costs (see flip side of page)					
Rent deposits					
Utility deposits					
Outdoor equipment/furniture					
Fencing					
Indoor furniture					
Office equipment/supplies					
Kitchen equipment/supplies					
Program equipment/supplies					
Housekeeping equipment/supplies					
Vehicle(s)					
Insurance (hazard, liability, vehicle bonding)					
Staff salaries/wages before program opens					
License/registration fees (if not in "soft" costs)					
Other (please list): _____					

TOTALS					

Totals for columns B-E should equal the total in column A

1. In cases where you already own the item or obtained it through a donation or sweat equity, please enter what you think it would cost you to buy it. Also enter this amount in the "Owner's Contribution" column.
2. What you already own or will purchase with your own funds.

Please complete each section below and put the total amount under each heading on the appropriate lines on the flip side of this page. Note that some of these items may be included in your contractor's total budget. If this is the case, please say "included in construction cost" on the line for the cost.

<u>Site-Related Expenses</u>	<u>Value</u>
Water lines	_____
Gas line	_____
Electrical lines	_____
Septic tank/sewer hook-up	_____
Site preparation (grading, tree removal, etc.)	_____
Driveways, sidewalks, curbs, gutters	_____
Environmental testing	_____
Environmental remediation	_____
Signs	_____
Termite treatment	_____
Landscaping	_____
Window treatments	_____
Total (put this amount on line 3 of flip side)	_____
<u>Building "Soft" Costs</u>	
Architectural and engineering fee(s)	_____
Building permits	_____
Inspection permits/license fees	_____
Impact fees (sewer and water usually)	_____
Construction loan fees & interest	_____
Surveys (land, foundation, site, environmental)	_____
Appraisals	_____
Legal fees	_____
Construction period insurance (liability and builder's risk)	_____
Construction-period performance bonds	_____
Total (put this amount on line 6 of flip side)	_____

At Self-Help, we strive to be experts in nonprofit finance. We are a lender, but also a resource on other funding and financing options available to nonprofits in North Carolina and beyond. By funding, we mean grants and in-kind gifts; by financing, we mean debt financing. As a fellow member of the nonprofit community, we want to help you find the best financing available. The following list covers sources of funding that are available in the state of North Carolina and that are generally available to all nonprofits. Different sectors (housing, child care, the arts) and different regions of the state may have specialized options that are not listed here. We encourage you to give us feedback on this list and let us know of additional resources that are available to nonprofits.

Funding and Financing Sources

Conventional Banks: We have found a wide range of interest in the banking community in lending to nonprofits. Some institutions and individual bankers see it as an important part of their community responsibilities. Others see it as a great “business” market for them, while some need educating. Anything is possible, but we generally see stronger bank interest in lending to nonprofits when:

- the nonprofit has developed a relationship with the lender by maintaining deposit accounts at the bank and/or inviting bank staff to serve as board members or in other capacities,
- the nonprofit has individuals willing to co-sign on the loan and/or has a strong financial track record, and
- the bank has an active Community Reinvestment Program.¹

Tax-Exempt Financing: Certain projects, by virtue of their charitable/public interest nature, are eligible for financing that allows the financier to be exempted from paying taxes on the interest earned from the financing. This can result in rates that are approximately 2% lower than comparable taxable financing. Because of the hefty up front cost of arranging the financing, it is generally more feasible for large projects (\$2 million and above). These deals can be arranged by commercial and investment bankers as well as individuals and firms that specialize in the field. To assess the feasibility of this tool for your project, contact your attorney.

Private and Community Foundation PRIs: Obviously, we’d all like to fund every project with grant capital, but that’s not always possible. Some private and community foundations have created Program-Related-Investments, or PRIs, which are low-interest loans. Ask your current funders if this is something they offer and if your planned project would be eligible.

United States Department of Agriculture’s Rural Development: For communities with populations under 20,000, Rural Development’s Community Facilities Program makes grants and loans to nonprofits at very favorable terms (up to 40 years w/ fixed interest rates in the 5% range). For more on this, visit USDA’s website at <http://www.rurdev.usda.gov/>. Unfortunately, the demand for these grants and loans exceeds the supply and the supply line is shrinking. This source of funding works best when you have a generous time line as it can take a while to secure such a loan. To assess your chances, contact the USDA office in your county or call (919) 873-2070 to get the local number.

Community Development Block Grant and other government programs: These funds from the US Department of Housing and Urban Development (HUD) are available as grants and loans for a wide range of community projects. Projects must benefit low- and moderate-income families; prevent or eliminate slums

¹ In 1977, the federal government passed legislation encouraging banks to reinvest monies (i.e., make loans) in *all* the communities from which they draw deposits (i.e., encourage lending to low-income and minority communities). The legislation is called the Community Reinvestment Act (CRA) and, in response to it, many banks have set up special CRA departments.

or blight; or meet other urgent community development needs. Funds are available through either your local planning department (if you operate in a large city or an urban county), or through the state Division of Community Assistance -- (919) 733-2850 -- if you operate in a small town or rural area. You might also ask about Section 108 financing options. Financing is generally available several times a year through a competitive application process. HOME funds and discretionary monies are also available to nonprofits, and can be used for both community development activities and human service delivery programs. Contact your city government to find out about other funds available locally. For more information, see HUD's web page: http://www.hud.gov/offices/cpd/about/cpd_programs.cfm.

Self-Help: We aim to fill the gaps. We lend throughout the state for almost any purpose (equipment, working capital, real estate acquisition and renovations). Our loans range from \$1,000 to several million dollars with terms from several months to 20 years (for some housing-related loans we are able to offer terms as long as 30 years). With some exceptions, our interest rates are competitive with market rates; currently we have lower rates for child care and some supportive housing loans. While our rates may not be the lowest, we generally offer greater flexibility in how the loan is structured, longer terms (this can translate into lower payments on a monthly basis), and technical assistance to help you achieve your goals. Visit <http://www.self-help.org/commerciallending> for more information.

Structuring Your Loan Request

Getting approved for a loan will be easiest if your organization has a strong financial track record (operating reserve in excess of 3-4 months), can document stable income moving forward, pays its bills on time, has strong and stable leadership (staff and board), and an adequate down payment (25-30% if for a commercial real estate project that is in a stable neighborhood and is not special use). If this is the case, your challenge now is to find the best deal.

If, however, you do not have everything listed above, Self-Help has developed some options that may help you improve your chances of getting a loan. In working through these options, the first step Self-Help takes is to assess the viability of the organization and the proposed project. We will only look to the following tools if we are convinced that the project will work for you. They are back-up measures.

Share-Secured Deposits: Either your organization and/or any of its stakeholders (board members, funders, staff) can place deposits in Self-Help Credit Union and pledge them to your loan. The monies are at risk in that we can tap them if the loan does not get paid back. However, while they are backing up the loan, they are earning market rates of interest for their depositors in a federally-insured financial institution. Generally, once the loan shows several years of strong repayment, we will release some or all of the securing deposits. If the loan is fully share-secured (i.e., the deposit equals the loan amount), then the interest rate on the loan will be as little as 2%, depending on the size of the loan and the desired interest rate on the deposits.

Self-Help made a \$14,000 loan to a human services agency that had undergone a change in executive directors. The new director called when she discovered that the agency was \$9,000 behind on its payroll taxes. Thanks to a community foundation and board members who placed deposits with Self-Help as share-security for the loan, we were able to deliver the needed cash quickly to pay off the IRS and give the agency an extra \$5,000 to jump-start their fundraising efforts.

Guarantors: Lenders are sometimes less comfortable lending to nonprofits because, as a nonprofit corporation, no one is personally on the line for its activities. Small business loans almost always require an individual guarantor and often place a lien on all of that individual's property. A strong nonprofit may not need a guarantor (who can guarantee part or all of a loan), but it will always help strengthen a loan application. To determine the quality of the guarantee, we'll want to review the guarantor's personal financial position by asking him/her to complete a Personal Financial Statement (or providing us with the same information in another form) and by contacting a credit bureau about her/his credit history.

Self-Help made a \$60,000 loan to a start-up nonprofit museum. The museum had raised most of

their budget through fundraisers, in-kind donations and grants, but had a gap. They needed \$60,000 to complete the renovations and cover their operating costs until other grants and entrance fees would allow them to break even. We were able to make the loan by securing it with the museum's equipment, a \$10,000 share-secured deposit (see above) from one of its stakeholders, and a partial guarantee for \$30,000 from another.

Additional Collateral: Another way to strengthen a loan is to offer additional collateral (usually real estate and marketable securities, but we are open to discussing other assets). The nonprofit can do this by offering other properties. So, too, can the other stakeholders. Commonly, board members or the founder of a start-up nonprofit will pledge personal collateral, in addition to or in lieu of personally guaranteeing the loan. If an individual is putting up collateral, but not guaranteeing the loan, we do not need to review his or her financial position; we simply need to assess the value of the collateral.

A \$200,000 start-up loan to a charter school to purchase modular classrooms was made possible when one of its founders filled the gap between the collateral value of the trailers and the loan amount by putting up some of her stocks.

Seller Financing: If you are buying an existing building and lack an adequate down payment, the seller of the building may be willing to make a loan for part of the purchase price. If the seller is willing to take a subordinate lien position (i.e., be "second" behind us in the event of foreclosure or "seller second") and you can show that you can make the combined loan payments, then we can count the seller's loan as a down payment, thus enhancing your equity position.

A small child care center wanted to expand by buying an existing child care that was on the market for \$150,000. Because the buyer was putting all of its retained earnings into teacher pay, it could only afford a \$10,000 down payment. To make the deal work, the seller agreed to provide a seller second for \$20,000. At the closing, the seller received \$120,000 cash from the Self-Help loan and \$10,000 from the buyer and then signed a promissory note with \$20,000 for the balance.

United States Department of Agriculture's Rural Development Community Facilities Guarantee Program: For communities with populations under 20,000, Rural Development's Community Facilities Program guarantees loans to nonprofit and governmental entities. The guarantee is available for facilities, equipment and working capital. It can take some time to secure the guarantee, but it can make or break a deal by covering as much as 80-90% of the loan.

We were able to help a charter school that, in its rush to get started, had used some of its operating funds to pay for start-up capital expenditures. This caused a cash flow squeeze mid-year. The school had very limited collateral, yet needed \$150,000 and some help with their budgeting to make it through the year. The USDA Guarantee and Self-Help's technical assistance made the loan possible, and the school, which serves many low-income students, is now thriving.

Often we use a combination of these tools in structuring a loan. We encourage you to call us to explore your organization's financing needs. Please call the Self-Help office nearest you for more information. If we think your best bet is a resource other than Self-Help, we'll refer you appropriately. Otherwise, we'll work to develop a financing package specific to your needs.

<p>Self-Help (800) 476-7428 www.self-help.org</p>	<p>Information on our website includes: pros and cons of for-profit vs. nonprofit status; cash flow spreadsheets specially designed for nonprofits, child care, charter schools that can be downloaded; information on historic tax credits. Also featuring:</p> <p>The Business Side of Child Care - <i>A reference manual for child care advocates and lenders</i> (http://www.selfhelp.org/commerciallending/cf2.asp - childcare)</p> <p>Understanding Supportive Housing: A Guide to Lending to North Carolina Facilities - <i>A reference manual for supportive housing advocates and lenders</i> (http://www.self-help.org/commerciallending/cf2.asp - affordablehousing)</p>
<p>Executive Service Corps of the Greater Triangle DUMC 3669 Durham, NC 27710 (919) 681-3536 www.esctriangle.org</p>	<p>The Corps is an association of retired businessmen and women who volunteer their time to consult with nonprofit and public service agencies. They offer services in fundraising, strategic planning, marketing, mergers and consolidations, human resources, board development, organizational systems, financial management and executive coaching. Their consulting fees are based on the complexity of the project and the client's ability to pay.</p>
<p>NC Center for Nonprofits 1110 Navaho Drive Suite 200 Raleigh, NC 27609 (919) 790-1555 www.ncnonprofits.org</p>	<p>The NC Center for Nonprofits is a statewide organization based in Raleigh whose mission is to support the nonprofit sector and enhance the capacity of nonprofits in North Carolina. They offer technical assistance services, information, and seminars at varying rates depending on the program. Members are offered a discount and can receive free assistance in most areas of nonprofit operations, including legal issues and fundraising.</p>
<p>SBTDCs (800) 258-0862 www.sbtdc.org</p> <p>SBCs (919) 733-7051 www.ncccs.cc.nc.us/ Business_and_Industry/ sbcnmainpage.htm</p>	<p>Business centers at North Carolina's community colleges, four-year colleges and universities offer consulting services to help entrepreneurs start and grow organizations. Counselors provide one-on-one assistance with writing business, marketing, or budgeting plans and proposals. Workshops and courses in management skills are available. Services are generally free or low-cost.</p> <p>Small Business and Technology Development Centers (SBTDCs) operate through the university system and have 17 locations. Small Business Centers (SBCs) provide services at the 58 community colleges. Call or check the website for the location nearest you.</p>
<p>North Carolina Cooperative Extension Service www.ces.ncsu.edu</p>	<p>The Extension Service is an information and educational resource with offices in each county. They offer one-on-one counseling and training on many topics including budgeting and marketing. Check your phone book under the local government section for the telephone number and location nearest you.</p>
<p>BoardSource 1828 L Street NW Suite 900 Washington DC 20036 (800) 883-6262 www.boardsource.org</p>	<p>The mission of BoardSource (formerly the National Center for Nonprofit Boards) is to increase the effectiveness of nonprofit organizations by strengthening their boards of directors. The organization's products and services include workshops and training, governance consulting, publications and videos, and a biennial conference for board members and nonprofit executives. The annual membership fee includes access to many resources and a 25% discount on all products.</p>
<p>National Scrip Center (NSC) PO Box 1599 Santa Rosa, CA 95402 (800) 538-1222 www.nationalscripcenter.org</p>	<p>Scrip-selling is a fundraising tool for nonprofits, especially smaller grassroots groups. Scrip is like a gift card or certificate that can be used to purchase products from participating retailers. Scrip servicers, like NSC, negotiate discounts on gift cards with merchants, then sell quantities of the cards to fundraising nonprofits at the discounted price plus a 15 cents per card fee. The nonprofits make money by selling the cards to customers at face value.</p>



CAN GOING “GREEN” PUT MORE GREEN IN YOUR POCKET?

A WORD FROM OUR SUSTAINABLE DEVELOPMENT INITIATIVE

Change Once, Save Every Month

Businesses and nonprofits often throw away hard-earned money through inefficient lighting, poor insulation, water and material waste, and poorly maintained air conditioners/heaters. Instead of profits for you, this money goes to utility companies, waste haulers and material suppliers.

It doesn't have to be this way. Some solutions are free and simple. Others require an upfront investment that pays back over time. By choosing to address these money-wasters today, you may realize significant cost savings that will extend far into the future.

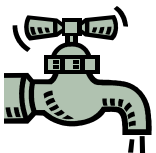
Common Ways Businesses Can Save



Heating/AC: Cleaning filters and heat-transfer coils can reduce energy expenses. Window shades or awnings and strategically-planted trees can produce big savings on air conditioning. Programmable thermostats are another important energy saver. Caulking windows and doors, installing storm windows and doors, and adding insulation may save on heating costs.



Lighting: Traditional bulbs and ballasts can be replaced with energy efficient ones. Daylighting, room occupancy sensors, and task lighting can get quality light where it is needed and reduce over-lighting.



Water: Quickly repairing leaky plumbing and putting faucet aerators on sinks can reduce your water bill. EnergyStar water heaters save energy. Large water users may want to consider preheating water with solar hot water heaters. Drought-tolerant landscaping is another idea.



Office Settings: Consider EnergyStar computers and copiers; double-sided printing; washable kitchenware rather than Styrofoam/plastic; refillable toner cartridges; and paper and aluminum can recycling. Plants and non-toxic cleaners help to keep the air clean and workers productive.

What Should I Do Next?

Start with the easiest, lowest-cost changes. You may benefit from an energy or eco-audit by a professional. Visit the websites on the back of this page for more details and contacts.

Self-Help is happy to discuss financing these improvements. Talk to your loan officer about your options. Want more information about the sustainable business practice listed on this sheet? **Contact our environmental specialist:** Brian Schneiderman at 800-476-7428 or sustainability@self-help.org.

Examples of N.C. Businesses that Save \$\$\$'s with “Green” Methods

- **The Bridge Street Café** in Hot Springs lowers its electric bill by using energy efficient lighting and daylighting, and insulating its building well. The historic restaurant uses cloth napkins instead of paper and a soda fountain instead of aluminum cans. It recycles and composts.
- Burlington apparel manufacturer **T.S. Designs** has made many “green” changes. Most notable is the conversion to organic cotton and non-toxic dyes. Workers benefit from upgraded task lighting. The company mows and waters less after replacing their lawn with low-maintenance and attractive native plants. See www.tsdesigns.com.
- **The Iredell-Statesville School District** designed a new elementary school to use energy more efficiently. High-performance thermal windows, occupancy sensors that turn off lights automatically, and the use of natural light have cut the building’s utilities by 33%.

Some of the Best Resources for You on the Internet

Energy Star

www.energystar.gov

Jointly managed by the US Environmental Protection Agency and US Department of Energy, this site is full of information for small businesses and facility owners. It has calculators to figure out your potential savings, locations of EnergyStar product retailers, and other easy-to-use resources.

GreenBiz: The Resource Center on Business, the Environment and the Bottom Line

www.greenbiz.com

This site is the most comprehensive non-government resource you can find. It has an excellent “Business Toolbox” section. Go to the “GreenBiz Essentials” section within the “Toolbox” for quick and easy advice on using greener methods in specific areas of your business.

NC Department of Environment and Natural Resources, Division of Pollution Prevention

www.p2pays.org

North Carolina’s state government website on pollution prevention (P2) is excellent. Click on “Small Business” for resources geared to different industries and facilities.

NC State University, Industrial Extension Service

www.ies.ncsu.edu

The IES site offers energy information and links you to free and reduced-cost consulting services.

Waste Reduction Partners

www.landofsky.org/wrp

Access a popular and low-cost environmental consulting program for western NC businesses and organizations (west of I-77) via this site.