

Loan Fund Guide Glossary

Assets

Things you own or control that have value

Collateral

Assets that can be promised to be used to repay a loan if the business cannot make payments, or if the business fails

Accounts receivable

Money that is owed your cooperative

Grants receivable

Grants you know you will receive, which you have not yet received

Personal guarantees

A commitment made by an individual to pay back all or part of a loan if the business is not able to do so

Appraisal

An inspection of the property by a licensed appraiser who will tell us what the property is worth

Environmental assessment

An inspection and assessment of a property to see if there are any environmental issues – for example, if a property has been used as a dry cleaning business or an automotive garage, this will be a concern

Commitment letter

The letter the lender sends the loan applicant to confirm that the loan has been approved and to clarify what the terms are: the interest rate, the length of the loan term, and any conditions or contingencies

½ point fee

One-half of 1% of the loan amount is paid to the lender as a fee when the commitment letter is signed and returned, and another ½ of 1% at the time the loan closes

Loan closing

The legal procedure, often in person, when loan documents are signed and the closing fee is paid

The Cooperative Fund of New England (CFNE) offers loans and technical assistance to a wide range of cooperatives and nonprofit groups that share our vision of equality, justice, and social responsibility. Founded in 1975, CFNE serves the New England region through an administrative office and offices located across New England.

We work for economic, social, and racial justice by advancing community-based, cooperative, and democratically owned or managed enterprises with a preference to assisting cooperatives in low-income communities by:

- o providing financial products at reasonable rates
- o developing business skills
- o offering an investment opportunity that promotes socially conscious enterprise

Contact us by phone: (800) 818-7833, by email: cfne@coopfund.coop, or through our website: www.coopfund.coop



Cooperative Fund
of New England
Loan Procedure Guide

1



Fill out online **Inquiry Form** (coopfund.coop/borrower_info). You will be contacted by a loan officer. If you're invited to submit a full application, you will be sent a link to the online application.

2



Upload supporting **documents** and submit the application. (A list of documents can be found on our website: coopfund.coop/borrower_info.) Mail the \$100 application fee to: PO Box 3413, Amherst, MA 01004.



What do you have for **collateral**?

Assets that can secure the loan:

- Property
- Accounts or grants receivable
- Cash
- Contracts
- Equipment

Other options:

- Personal guarantees
- Social investments in CFNE made by individuals, other co-ops, foundations, etc.



To purchase property or a business, you'll need an **appraisal** of the property and possibly an environmental assessment.

3



Applications must be received by the 20th of a month to be considered for the agenda of the next month's loan committee meeting.



Once we have all documents we will **discuss** the application with you and ask questions we may have, to gather as much information as possible.

4



The application goes to the **loan committee**, who meets monthly by conference call. Decisions are made by consensus. Your loan may be approved or you may be asked for more information. Applicants are invited to participate in the call.



We will contact you the next day with our decision and a **commitment letter** lets you know the details. A ½ point fee (.005 of the loan amount) is due at closing.



CFNE has an attorney, but you may want your own counsel to review the documents. On lines of credit you will draw down the loan at **closing**, but it can be repaid in full if you don't need the funds. There are some costs attached to a closing, including legal fees and a second ½ point fee.



After the loan has been made:
You will send CFNE quarterly and year-end financial statements.



Payments will automatically be taken from your bank account on a monthly basis.