



BUILDING BANK RELATIONSHIPS

A Small Business Banking Guide

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1. Introduction

A personal relationship with a bank is one of the most important business relationships that a small business owner has. We defined personal relationship banking as “repeated contact between a business banker and the business owner.” A business owner chooses to share information or expand activities with a bank. In turn, a banker offers products and services designed to help the business owner run the business.

Why is this relationship so important? Because bankers play a vital role in helping small business owners obtain financing, receive financial advice, and achieve their goals. An established relationship between a banker and a business owner gives a borrower great potential for credit availability and lower collateral requirements. A long-term relationship increases the chances of receiving approval on a future business loan. Because bankers already know the business owner from many perspectives, they can provide business owners with thoughtful insights and potential solutions catered specifically to that small business.

This guide is intended for new and established business owners and Extension Educators that work with entrepreneurs. This guide will help small business owners navigate the process of creating, maintaining, and enhancing a personal relationship with a bank representative. The guide also provides helpful information so that potential small business owners can become familiar with banking terminology, banking staff, and banking products and services.

We created this guide because we recognize that the financial health of small businesses is crucial for their prosperity and survival. As many businesses seek different funding options, existing business-bank relationships are critical to getting needed financial assistance. Therefore, this guide is designed to walk readers through all steps, from identifying their needs, selecting the right bank, and starting communication with a banker through the process of applying for a loan.

Finally, business owners should remember that their business is an independent entity, and they need to keep their business and personal transactions in separate accounts. There are many reasons why business owners should not use personal accounts to hold business funds. Accurate record-keeping for tax purposes is one of the main reasons to keep separate saving, checking, and credit card accounts. Other important reasons to detach personal and business finances include bookkeeping purposes, corporate structure requirements, leverage, and professional image.

2. The different types of financial institutions

If business owners want to set up a checking account, apply for a loan, or use other types of bank services, they might need to set aside time in their schedule to do some research. Our goal in this section is to provide a comprehensive overview of existing financial institutions.

By understanding the different functions of banks, investment institutions, and other institutions, business owners can efficiently and effectively select an institution that best serves their needs.

The main purpose of financial organizations is to provide a wide variety of lending, investment, and deposit products. Different financial institutions exist to serve the different clientele. Some institutions focus on providing accounts and services for the general public, while others serve clients with more specialized needs. This section describes four types of financial institutions and their basic characteristics – banking institutions, investment institutions, insurance institutions, and brokerage firms.^{1,2}

2.1 Banking institutions

Central banks

Central banks are financial institutions responsible for the management of all other banks in most countries. In the United States, the central bank is called the Federal Reserve Bank, responsible for conducting monetary policy and supervision and regulation of financial institutions. Individuals and businesses do not have direct contact with a central bank; instead, large financial institutions work directly with the Federal Reserve Bank to provide products and services to the general public.

Retail and commercial banks

Retail banks offer products to individual customers, while commercial banks

¹Horton, M. 2021. What are the 9 major types of financial institutions? <https://www.investopedia.com/ask/answers/061615/what-are-major-categories-financial-institutions-and-what-are-their-primary-roles.asp>

²CFA Journal. 7 types of financial institutions- Explained. <https://www.cfajournal.org/types-financial-institutions/>

generally work with businesses. Products offered at retail and commercial banks include checking and savings accounts, certificates of deposit, personal and mortgage loans, credit cards, and business banking accounts.

Internet banks

Internet banks, also known as online banks, web banks, or virtual banks, are similar to retail banks and offer comparable services to conventional banks. However, internet banks do not have physical branch locations and exist online. Also, they usually do not offer their own ATM services but often collaborate with other banks to provide ATM access for their customers.

Credit unions

Credit unions are nonprofit entities that aim to serve their members rather than seeking to earn a profit. The main difference between credit unions and other financial institutions is that members own the credit union. Also, credit unions often offer better savings rates and lower loan rates as well as require reduced fees.

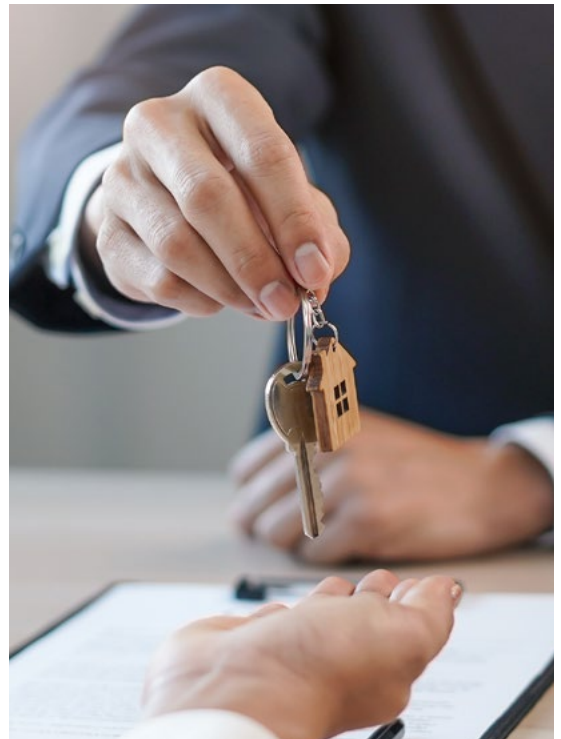
Savings and loan associations

Savings and loan associations are financial institutions owned by their members. They operate for those using its services. The primary purpose of these associations is to provide deposit accounts, personal loans, and mortgage lending to their members, primarily for purchasing homes or real estate.

Mortgage companies

Mortgage companies are financial institutions engaged in the origination, funding, and servicing of mortgage loans.

Some mortgage companies specialize in providing loan options for commercial real estate only.



Trust companies

Trust companies are legal entities that act as agents or trustees on behalf of a person or business, providing administration, management, and occasional transfer of assets to a beneficiary. Trust companies vary by size and fee. Large trust companies generally offer more services and charge fees depending upon the size of the trust. Trust companies provide wealth management (wealth preservation) services so that a client's future generation has the funds when needed, asset-management services, brokerage services, and financial planning services for clients. In addition, they can suggest investment strategies for their clients.



2.2 Investment institutions

Investment banks

Investment banks provide financial services and act as intermediaries in large and complex financial transactions. Investment bankers help corporations, governments, and other institutions plan and manage large projects and identify potential project risks.

Investment companies

Investment companies are financial institutions principally engaged in investing the pooled capital of investors in financial securities.

Mutual funds

Mutual funds offer investments managed by a professional, and the choices to purchase and sell protections are made by a portfolio administrator. Mutual funds can be a cost-effective method of making investments. Fund managers identify and evaluate which securities should be bought and sought. In addition, mutual funds are diversified, which helps in mitigating risk.

Advisory firms

Advisory firms provide strategic and financial advice to individuals and organizations. Independent advisory firms focus primarily on corporations, government, and financial sponsors. The main aim of these firms is to collaborate with a client, understand the client's needs, and suggest solutions. Revenues are usually generated by monitoring the investment performance and providing guidance in portfolio rebalancing.

2.3 Insurance institutions

Individuals and business owners use insurance companies to protect themselves and their businesses against financial loss due to death, disability, accidents, property damage, and other misfortunes. Some companies specialize in these areas, but others specialize in personal and business sectors. The most common insurance companies include health insurance, life insurance, and property-casualty insurance companies. Insurance companies underwrite the risk or damage of personal and business assets for which clients pay premiums. The premiums are utilized to settle day-to-day claims and generate additional income and profit by investing their funds.

2.4 Brokerage firms

Brokerage companies act as intermediaries that facilitate transactions between buyers and sellers. They help their clients sell stocks, bonds, options, and other financial products. Once the transactions are completed, a brokerage company receives a commission or fee from a client. Clients of a brokerage company can place funds in stocks, bonds, mutual funds, exchange-traded funds, and alternative investments.



3. WHAT IS A BANK?

It is essential for business owners to identify their financial needs and find the right bank that provides the complimentary services. In this section, we introduce different types of banks, their characteristics, and their purpose. We distinguish between major types of banks by their size and clientele, compare community banks with large banks, and describe the advantages and disadvantages of traditional and online banking in terms of a business-bank relationship.

A bank is a financial institution licensed to receive deposits and make loans. Banks may also provide financial services such as wealth management, currency exchange, and safe deposit boxes. Additionally, most banking institutions now offer online banking services. In most countries, banks are regulated by the national government or central bank.

Banks represent a vital part of the economy, offering crucial assistance for individuals and businesses. They provide

a secure place to deposit money. Routine financial transactions such as deposits, withdrawals, check composition, and bill installments can be managed using a variety of record types, for example, checking and saving accounts and certificates of deposit. The deposits in most bank accounts are federally insured by the Federal Deposit Insurance Corporation (FDIC), up to a limit of \$250,000 for individual depositors and \$500,000 for jointly held deposits.

Banks also provide credit opportunities for individuals and businesses. The money you deposit at the bank - short-term cash - is used to lend to others for long-term debts, such as car loans, credit cards, mortgages, and other obligations. This process helps create liquidity in the market and multiplies the amount of money circulating on the market.

Like any other business, the goal of a bank is to earn a profit for its owners. For most banks, the owners are their shareholders. Banks do this by charging higher interest rates on the loans and other debts they issue to borrowers

than pay to people using their savings instruments. For example, a bank that pays a 1% interest rate on saving accounts and charges a 6% interest rate for loans earns a gross profit of 5%.³

3.1 Major types of banks by their size and clientele

Many different types of banks offer similar services. The types of clients that are served may differ by the size of the bank. Understanding how different banks are structured and how they serve the community is crucial to meeting the financial needs of your business.



3.1.1 Large banks

Large banks usually have assets between \$50 billion and \$3 trillion. The three largest banks in 2021 were JPMorgan Chase & Co. (\$3.19 trillion total assets), Bank of America (\$2.35 trillion total assets), and Wells Fargo (\$1.78 trillion total assets).⁴

Large banks are chartered, regulated, and supervised by the Office of the Comptroller of the Currency, specifically through the department of Large Bank Supervision. Large Bank Supervision oversees large banks as they face unique challenges based on their size, product line, and complexity. The department also identifies, manages, and monitors the most significant risks in the bank's risk-taking and management.⁵

3.1.2 Regional banks

Regional banks are mid-sized institutions with assets between \$8 billion and \$60 billion. They are significantly smaller than large banks. Regional banks are usually small enough to have strong bonds with their local communities. And they have sufficient scale to provide financial services such as commercial and industrial lending to mid-sized businesses.

Regional banks utilize a traditional banking business model by taking deposits and making loans. They typically have a community presence in a geographic region and operate a retail branch network in several states. About 20 regional banks in the U.S. are working in all 50 states.^{6,7}

³Baron, A. 2021. Bank. <https://www.investopedia.com/terms/b/bank.asp>

⁴Bankrate. <https://www.bankrate.com/banking/biggest-banks-in-america/>

⁵Office of the Comptroller of the Currency. <https://www.occ.treas.gov/about/who-we-are/organizations/large-bank-supervision/index-large-bank-supervision.html>

⁶Regional Bank Coalition. <http://regionalbanks.org/about/>

⁷Office of the Comptroller of the Currency. <https://www.occ.treas.gov/about/who-we-are/organizations/midsize-and-community-bank-supervision/index-midsize-and-community-bank-supervision.html>

3.1.3 Community banks

The FDIC established a definition of a community bank that was not solely driven by asset size but also incorporated a bank's business plan, geographic footprint, and the number of branches.

Community banks are small financial institutions with a restricted geographic reach. These banks offer essential banking services, including checking and saving accounts, personal and small business loans, home mortgages, etc. Community banks are a crucial funding provider for many local businesses, most notably by making commercial real estate loans, small business loans, and agricultural loans.

As community banks are often owned and operated by members of the community that they serve, they tend to have a deeper understanding of their customer's financial needs and provide personalized banking services. By count, they represent the vast majority of banks in the U.S. According to the Independent Community Bankers of America (ICBA), there are nearly 5,000 community banks with a total of \$5 trillion in assets and \$4 trillion in deposits across the U.S.⁸

3.1.4 Minority banks

Minority banks have a special skill set and understanding of cultural practices and norms that allow the bank representatives to customize culturally sensitive products and services. Most of the clients include racial and ethnic minority populations

and low- to moderate-income customers. Although the majority of minority banks are located in metropolitan areas, they also operate in suburban and rural areas across the U.S.⁹

The FDIC recognizes 142 minority banks that serve minority and low and middle-income communities. Their assets range between \$16 million and \$56 billion, totaling \$299 billion. However, two-thirds of minority banks have assets under \$1 billion.¹⁰

3.2 Community banks versus large banks

Community banks and large banks offer similar financial products and services, including bank accounts, credit and debit cards, personal and business loans, etc. However, there are several significant differences between these two financial institutions.

The most significant differences between local community banks and large regional/national banks are their asset dispositions for providing loans and their target customers. Community banks are more tied to the community they serve and provide more personalized, relationship-based banking services. On the other hand, large banks can generally offer a diverse portfolio of financial products to individuals and different-sized businesses and institutions.

Although community and large banks are similar in many ways, there are a number of advantages and disadvantages for each type of lender.^{11,12}

⁸Independent Community Bankers of America. <https://www.icba.org/>

⁹Independent Community Bankers of America. <https://www.icba.org/our-positions-a-z/minority-banking/minority-banks>

¹⁰Federal Deposit Insurance Corporation. <https://www.fdic.gov/regulations/resources/minority/>

¹¹Jarrettsville Federal Savings & Loan Association. <https://www.jarrettsvillefederal.com/2020/10/25/community-banks-vs-big-banks-whats-the-difference/>

¹²Banks.com. <https://www.banks.com/articles/banking/community-banks-vs-big-banks/>



Community banks

Advantages

- Offer personal banking services tailored to the needs of their community.
- Able to provide friendlier and more personal customer support.
- More likely to lend to low- and moderate-income households.
- Generally, charge lower fees than large financial institutions.
- Tend to be more involved in the local community by running community-focused financial education programs, participating in community events, and getting to know community members.
- Deeply understand financial needs of their community and are more willing to fulfill them.
- Decisions on loans are typically made locally, so the approval process is much faster than when working with a loan approval committee in a larger bank.

Disadvantages

- Physical branches are only in some parts of the country.
- Typically offer a limited number of products and services.



Large banks

Advantages

- Generally, well-established banking institutions.
- Offer a diverse portfolio of financial products and services.
- Have flexibility when setting up financial products.
- Typically serve a larger geographic area, so you may be able to keep your bank if you need to move or need access to your bank while traveling.
- Have more financial resources for larger loans, making them ideal for business customers.
- Typically possess a large network of ATMs and physical branches, nationwide and worldwide.

Disadvantages

- Regularly charge higher fees than smaller banking institutions.
- Often offer less competitive rates than small and medium-sized lenders.
- Less likely to lend to low and moderate-income borrowers.
- Generally, take longer to process loan applications.

3.3 Traditional versus online business-bank relationship

Recent research has shown that the size of the business can be an essential factor in determining the preference of personal or online business-bank relationships. Small businesses are more dependent on the relationship manager than their larger counterparts.¹³ On the other hand, mobile wallets (a virtual wallet that stores payment card information on a mobile device) and peer-to-peer payment applications (payments that allow the transfer of funds between two parties using their individual banking accounts or credit cards through an online or mobile application) have experienced a massive surge thanks to their flexibility, capacity, and easy access. Traditional versus online business-bank relationships have many advantages and disadvantages, including price, service, and available product portfolio.^{14,15}

Traditional banking

Advantages

- Personal interaction and direct in-person customer service.
- The ability to process cash transactions.
- Notary services.
- Safe deposit boxes.
- Almost instant service for some transactions like cashier's checks.
- Availability of local branches.
- Large ATM network.
- Online and mobile services are usually available.

Disadvantages

- Lower annual percentage yield (lower interest rates) on a savings account than online banks.
- Higher and multiple fees per transaction may lead to lower annual percent yield, even close to zero.
- Slower service as you have to wait for a bank teller and/or other employees to complete your banking needs.
- Some online banking options are available but may not be as extensive as online banks.

Online banking

Advantages

- Lower fees or free transactions.
- Higher annual percentage yield (higher interest rates) on a savings account, some online banks also offer interest on checking.
- Automatic and online mobile app access any time while internet connection is available.
- Allows clients to access their business activities through digital self-service channels.
- Offers extensive mobile apps to manage the account from almost anywhere.
- High speed and efficient banking transactions.

Disadvantages

- Not all people are comfortable with technology.
- No physical branches, so cash transactions may be limited.

¹³Moriarty, R.T., Kimball, R.C. and Gay, J.H. (1983). The management of corporate banking relationships, Sloan Management Review, pp.3–15.

¹⁴Moneyunder30.com. <https://www.moneyunder30.com/online-banking-vs-traditional-banking>.

¹⁵Maestrack.com. <https://maestrack.com/disadvantages-of-traditional-banking/>

- Lack of personal contact with bank representatives, no in-person customer service.
- Most internet banks do not have ATMs.
- Potential limits on daily cash withdrawals.
- Limited portfolio of financial services and products (i.e., loans, insurance, business accounts).
- Technology failure and technical errors.



4. DO NOT BE AFRAID OF YOUR BANK

Even the most experienced business person can feel intimidated by the loan application process and other banking services. The purpose of this section is to make the process of banking less intimidating for business owners by making the bank staff seem more approachable. Furthermore, we debunk several common myths about bankers.

It is important to remember that a business relationship with a bank is a two-way road. Small- and medium-sized businesses rely on the help and support of their financial institutions, and financial institutions need clients who utilize their products and services. Thus, bank representatives are there to help business owners and their businesses succeed. A good bank representative will be prepared to assist business owners with their financial needs.

4.1 Bank Staff

Let's get familiar with the staff that works at a bank. Some bank employees work face-to-face with customers on a daily basis. Other employees have little to no contact with customers. Nevertheless, all these jobs impact one or more financial services such as customer accounts, home loans, or small business lending. This section provides a list of standard bank employees and their associated tasks within the bank.^{16,17}

4.1.1 Bank staff with direct contact with a customer

Bank teller is usually the first person a customer sees when entering a bank. A bank teller provides direct service to customers by cashing checks, accepting deposits, processing account withdrawals, exchanging currency, receiving check orders from customers, and giving traveler's checks.

Customer service representatives assist customers in opening new bank accounts, modifying existing accounts, and completing paperwork for different bank

¹⁶Indeed Career Guide. (February 25, 2021). Types of Banking Jobs (With Salary Expectations). Retrieved, June 22, 2021, from <https://www.indeed.com/career-advice/finding-a-job/types-of-banking-jobs>

¹⁷CHRON. <https://work.chron.com/bank-employee-duties-31054.html>

products, such as a Certificate of Deposit. A customer service representative is the one to talk to regarding financial needs.

Loan officer helps applicants identify and apply for different loans. A loan officer also answers questions about loan types offered by a bank and explains contract provisions. Once the application is completed, the loan officer evaluates the applicant's job history, income, and overall creditworthiness. Then, a financial officer decides on loan approval or denial in some financial institutions.

Branch Manager oversees operations, including hiring and training staff. Typically, branch managers set sales goals and manage the branch's budget. The branch manager also meets with potential clients and contacts established clients on a regular basis.

Financial advisor helps clients determine their financial goals and the best means to achieve them. In addition, the advisor suggests appropriate options for allocation and saving client's money and also proposes various special tax exemptions or incentives.

Investment banker works in an investment bank, firm, or another financial institution. They provide clients with financial advice regarding investments, typically for a fee. They also perform sales-related duties to market their financial institution's financial products and services.

Relationship manager develops and maintains relationships with new and established customers.

4.1.2 Bank staff with no contact with a customer

Asset manager is responsible for reviewing clients' financial portfolios and monitoring the stock market to determine the best investment decisions for their clients.

Brand Manager monitors market trends and performs competitive analysis to ensure that their brands' products and services stay relevant to current and potential customers.

Collector manages accounts, keeps track of bills, and attempts to collect on past due invoices.

Credit analyst is responsible for reviewing the financial history and credit score of loan applicants.

Financial Analyst monitors market trends across industries and uses its experience to guide businesses and clientele on when, where, and how to invest.

4.2 Myths about bankers

Lenders are cold-hearted

Traditional lenders have a reputation of being cold-hearted, but the truth is that lenders exist to serve customers and make loans. Banks answer to bank owners and agencies for their activities and are regulated to balance credit risk while making loans.¹⁸

Banks do not want my business because my business is too small

You do not need a lot of money to establish a bank relationship. Bankers support your business, hoping you will use other

¹⁸SBA: Banking Services Available for a Small Business – Instructor Guide: https://www.sba.gov/sites/default/files/articles/MSSB_Banking_Services_IG.pdf

financial services and products offered by the bank. You can open your business deposit accounts as soon as you have an Employer Identification Number (EIN).

Banks are not able to consider my loan application if my loan is too small

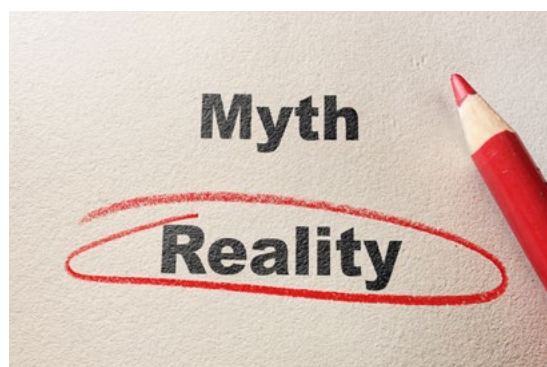
Banks do not have any requirements, such as running a business for a minimum number of years or asking for a minimum amount of financing, that make you eligible to access their services. Every situation is unique. Thus, it is best to discuss your needs with your banker without making assumptions. If one institution cannot assist you, many others may be interested. You often do not even need to have a bank account in that bank to obtain a loan.

Banks require a perfect credit history

Banks generally require a good business plan, history, and projections of cash flow, as well as proof of sufficient revenue to ensure that you can pay back the loan. Having collateral can also help a lender assess your loan application. While personal and business credit histories play an essential role in getting a loan, lenders also consider other factors like soft skills.

The loan application process takes months

The time it takes to process a loan application depends partly on whether the applicant has submitted all the required documentation. Even government loan applications, such as those for U.S. Small Business Administration (SBA) guaranteed loans, are processed relatively quickly, considering the benefits. Do not make assumptions; ask about the time for credit approval and funding.



Fees are not affordable

Fees for bank services can sometimes be waived or lowered, especially if you already use the bank's products and services. You should not be afraid to ask for better terms, such as lower fees, collateral, interest rate, or changes to payment schedules. Many factors determine the cost of bank products, and these factors change from time to time. To determine the best solutions for your business, always analyze and compare your options when shopping for bank products and services.¹⁹

Online banking is only for young people

The myth that online banking is reserved only for young, tech-savvy internet users is easily disproved. Data shows that internet users aged 55 to 64 use online banking nearly as often as people between 25 and 34 years old.²⁰

Mobile/online banking puts your information at risk

Cyber theft has been rapidly expanding, and cyber thieves have been developing sophisticated ways to search personal information. However, banks and credit unions offering online services implement strict security measures to keep your

¹⁹Federal Deposit Insurance Corporation (FDIC), U.S. Small Business Administration (SBA)

²⁰Moran, S. 2021. GWI. <https://blog.gwi.com/chart-of-the-week/banking-myths-debunked/>

personal information and your accounts safe. Typically, this involves using secure encryption software and multi-factor authentication, which requires you to enter unique personal information to access your account.

Big banks are safer than smaller banks or credit unions

Although larger banks usually offer a wider range of services, it does not necessarily make them safer. The FDIC extends the same protection of up to \$250,000 per depositor, regardless of whether your life savings are deposited at a national bank or your neighborhood credit union.

Credit unions do not offer any advantages over traditional banks

Credit unions may be one of the most misunderstood types of financial institutions. They offer the same services as regular banks, but they differ in certain ways. Instead of being controlled by shareholders, credit unions are member-owned and operate on a not-for-profit basis. Your ability to join a credit union may be based on specific criteria, such as where you live or work. Regarding their safety, deposits at credit unions are insured by the National Credit Union Administration backed by the U.S. government.

There are definite advantages in choosing a credit union versus a traditional bank. For starters, their operating structure makes it possible to offer better interest rates and fewer fees. In addition, while they may not be as widely accessible as bigger banks, most credit unions will reimburse their clients for any fees charged for using a foreign ATM. Finally, clients may also find it easier to qualify for a loan or line of credit at their credit union.²¹

5. WHY IS A BANKING RELATIONSHIP BENEFICIAL FOR YOUR BUSINESS?

The next section of this guide focuses on the importance of a personal business-bank relationship. We highlight several advantages associated with a developed business-bank relationship, such as better funding availability, customized bank products and services, personalized advice, and extended networks.

5.1 Better funding availability

Better credit availability

A solid relationship with a bank reduces information asymmetry as bankers and small business owners know each other. A banker then can make credit choices and decisions based on the historical behavior of a business owner. As a result, banks can be more willing to provide a loan and offer extended periods to pay off the loan when they can gauge the risk of default.

Easier access to extended credit

Regular communication with a banker allows for the discussion of a business' specific needs and, if necessary, appropriate financial advice. In addition, the interactions can help detect and resolve potential problems before the loan is provided, such as risk ratings or late payments. With this in mind, when credibility is added to the business owner's portfolio, the bank has a strong relationship-based lending foundation to extend credit to the small business.

²¹Lake, R. 2020. Smart Asset. <https://smartasset.com/checking-account/4-banking-myths-you-shouldnt-believe>



More favorable collateral requirements

In general, banks require a borrower to put up collateral for a loan. The only exception to this rule is for clients who have a long-term relationship with banks and whose business has proven to be profitable over a multi-year period.

Banks determine an advance rate based on the value of the asset the business owner provides. The length of the loan and the required collateral are interconnected. The lender examines the value of the collateral over time to decide the advance rate, ensuring the bank will be able to reclaim the loan in case the borrower defaults in payments. Short-term loans (under two years) are typically secured by inventory and receivables. Medium-term loans (two to five years) are usually secured by real estate or cars. The ideal collateral for a long-term loan is real estate, either a residence or a commercial building (more than five years).²²

Easier access to loans and lower prices

Applying for loans can be difficult, but a relationship with a banker might help improve chances. A banker can assist in putting together a strong loan application and advocate on behalf of the business during the loan procedure. In addition, business owners who have established strong banking ties are frequently offered more favorable interest rates, lower fees, and more convenient loan arrangements than non-established clients.

5.2 Designed bank products and services

Small business owners may take advantage of developed relationship banking by obtaining a higher level of customer service, which is especially true in a smaller bank such as a community bank. The more a banker understands the customer's business, the more they can assist. As a result, keeping in touch with a lender on a regular basis is crucial. Even if the business has no emergency needs, an owner should talk with their banker at least once a quarter. This will help the business stay on track.

²²Understanding Collateral. <https://venturize.org/access-capital/resources/understanding-collateral>

A good banker can help the business owner with day-to-day issues and growth prospects by serving as a resource and sounding board. In addition, bankers assist a business owner in preparing for long-term profitability, business sale or transition, and other events.²³ For example, if a small business takes out a revolving line of credit, the owner would be in a good position to negotiate a lower fee for merchant processing fees.

5.3 Personalized advice

Your banker should not just send you paperwork and bills. Instead, your banker should be a trusted advisor who can look at your complete financial picture and advise improving it if needed. Most importantly, once a good relationship has been established, bankers focus on assisting their customers in succeeding. Good relationship bankers go beyond their typical duties to assist business owners with various issues, including business plans and recommendations rather than simply selling products and services.²⁴

Having your loans, deposits, and other services with a single bank enables the banker to anticipate your needs and eventually offer a better solution by checking in on your activities, looking at trends in cash flow, and spotting inefficiencies. In addition, most of the financial needs are interconnected and thus easier to manage by one trusted banker than multiple individuals at different financial institutions.



5.4 Extended network

Bankers can connect business owners with resources that can benefit them, such as other advisors or entrepreneurs. Part of a banker's responsibility is to educate themselves and their clients. They often do this by developing a solid network of professionals to whom they may turn for advice if needed.

For example, in a critical situation, a banker may persuade an owner about the significance of crisis communication, which means staying in touch with clients, employees, suppliers, or stakeholders in a strategic and timely manner. Many small businesses suffer during a crisis because they are overly reliant on a single customer or supplier. Therefore, it is crucial to have backup plans and options in situations when one large client or vendor is unable to do a business or otherwise fulfill its duties.²⁵

²³Molis, J. 2021. Pandemic pressures prove the importance of strong banking relationships. Dallas Business Journal. <https://www.bizjournals.com/dallas/news/2021/05/01/pandemic-pressures-prove-the-importance-of-strong.html>

²⁴Keller, E. 2016. Building a Relationship With Your Banker Is Critical for Your Small Business. The Business Monthly. <https://www.bizmonthly.com/building-a-relationship-with-your-banker-is-critical-for-your-small-business/>

²⁵Blasingame, J. 2021. Discover the key to a successful post-pandemic banking relationship. Chicago Business Journal. <https://www.bizjournals.com/chicago/news/2021/02/05/key-to-successful-post-pandemic-bank-relationship.html>

6. PREPARE TO ENGAGE WITH YOUR BANK

When selecting the right financial institution for business needs, there are many factors to consider. Subsequent switching can be difficult once a business owner has already established customized services, such as online or mobile banking, automated payments, merchant services, and eventually a personal relationship with a banker.

Many small businesses may not be sure what they need. Therefore, they can be nervous when they come into a bank. The role of a banker is to listen to a business owner and then start asking questions to understand what a business owner really needs. It is a win-win situation when the financial institution understands customer's needs and offers the appropriate mix of products and services.



Business owners should evaluate products and services provided by a bank and find the best fit for their specific business needs. The best way to obtain this information on banks that they are considering is to review bank brochures, websites, account disclosures, and fee schedule sheets, including balance

requirements and fees for overdrafts, check processing, and other transactions.

Here are a few tips that business owners should keep in mind when engaging with a bank.

- “Rate shopping” is not the best practice for choosing a lender.
- When visiting a new lender for the first time, be prepared and ready to explain your “ask.”
- Know that your bank wants you to succeed.
- Know in advance what type of loan the business should qualify for.
- Never surprise your banker.
- Always be truthful.
- Always be prepared with solid financial statements and projections.
- If there is an issue or problem with your loan - address it with the lender as soon as possible.
- An unpaid loan may often be restructured.

6.1 Banking service needs

This section addresses an important question to be considered before establishing a bank relationship: What banking services does a business owner need?

Business owners need to identify their current and future (within 6 to 24 months) needs based on their business activities. The four basic service categories include:

- Type of accounts.
- Payment solutions.
- Financing.
- Bank characteristics and technology.

The following questions serve as an example of what business owners should consider when they plan to select a bank and subsequently build a banking relationship:

- Do I want to use mobile and online banking for my business?
- Do my customers generally pay me via credit card, debit card, check, electronic transfer, or in cash?
- Do I pay employees and vendors regularly or irregularly?
- Do I need to make deposits after banking hours?
- Do I handle cash? If I handle cash, how can the bank help me manage the cash?
- Do I need merchant services now or in the future to facilitate debit and credit card payments?²⁶

6.2 Factors in selecting a right bank

Selecting the appropriate bank is a crucial decision for small business owners. The next steps might be helpful when thinking about that commitment.^{27,28}

Identify an ideal type of account

Banks offer a diverse range of products and services, and it can be difficult to compare all of them simultaneously. Based on the business's financial goals and priorities, determining what type of account a business owner wants to open is a starting point. Checking accounts, saving accounts, money market

accounts, and certificates of deposit are all standard bank accounts. A business owner may also want to look for a bank that offers debit and credit cards, as well as mortgages and personal loans. Knowing what business owners want from a bank will help them narrow down potential options.

Consider the need for a bank branch

The accessibility of a bank is another key factor to consider. A business owner may want to consider ATM location convenience, branch location convenience, and online and mobile banking availability. Considering this, a bank with some physical branches may be preferable even if a business owner expects to conduct their banking primarily online.

Look at credit unions

Credit unions are not-for-profit organizations that their members own. Higher saving rates and lower fees and interest rates are common ways to redistribute profits to members. It is no longer as difficult to join a credit union as it formerly was. Many unions are accessible around the country and allow membership just by joining a group or making a charitable donation.

Understand the terms and conditions

Be aware of monthly maintenance fees, ATM fees, and overdraft fees. There is no need to stay with a bank that charges high fees when many banks charge low or no fees. If there are any monthly service fees, inquire about getting them waived. Also, check whether a bank provides a refund for using an out-of-network ATM.

²⁶SBA. Banking Services Available for a Small Business – Instructor Guide. https://www.sba.gov/sites/default/files/articles/MSSB_Banking_Services_IG.pdf

²⁷SBA. Banking Services Available for a Small Business – Instructor Guide. https://www.sba.gov/sites/default/files/articles/MSSB_Banking_Services_IG.pdf

²⁸Association of Corporate Treasurers. 2008. Managing Bank Relationship. <https://www.treasurers.org/ACTmedia/certitm-SU2-2.4.pdf>



Technology

Another key factor to consider is technology. The ability to transfer funds, pay bills, check balances, and make mobile check deposits are usually available through most bank applications and websites. However, not every bank has sufficient digital capabilities. For example, some banks lack services that users are increasingly demanding, such as the option to lock a debit card (and prevent it from being used by a stranger) or set mobile banking alerts. In addition, several online banks might not have a smartphone application and ask a customer to sign in using a mobile browser.

Product and services

Discuss banking products such as accounts, loans, internet alternatives, and investment services with bank representatives. Many financial institutions offer SBA or other government-guaranteed loans that specialize in small business products and services.

Capital adequacy and credit rating

Capital adequacy and credit rating are especially significant when the overall credit quality of banks is low, such as during a recession or a time of weak economic growth. If a bank is

experiencing financial difficulties, it may not provide sufficient credit lines to your business.

Banking-customer service

Consider the quality of customer service a bank provides and the availability of both live and digital options for handling financial transactions.

Relationship

It is good to find out whether the bank is able and willing to keep the same relationship manager for several years. It may be uncomfortable for the business owner to invest time developing a good rapport with each new relationship manager.

Bank size

There are many reasons to bank locally with a community lender instead of a large bank, from the more personalized banking experience and the bank's positive impact on the local community to the lower fees and higher likelihood of loan approval. However, if you are looking for very specific financial solutions, you may opt for a large bank. While community banks offer most of the same services as their larger counterparts – including mobile and online banking – large banks have the resources to offer any type of financial product or service.

6.3 Start building a business-bank relationship

Establishing a relationship with the bank is no different than developing any other type of relationship. It is not a one-day event. It takes time to create a relationship with the bank loan officer, relationship manager, and/or branch manager to

handle business needs. The following recommendations will help form and continue a relationship between the banker and the business.

6.3.1 First meeting with a banker

The first meeting with a banker can be very stressful for a business owner. The role of the banker is to ensure comfort between the two parties, treat people with respect, and care about their business. For example, if a client is getting ready to start a business and needs some bank products and services, they come to a bank to meet with a banker. A banker will discuss the business with the client - how they started the operation, how much money they need, what innovation they plan, how to receive funding, the checking account products that the bank can provide, merchant services, and other issues.

6.3.2 Sharing business plan

A business plan is a helpful tool for guiding a business owner through each step of starting and managing the business. The process of building a business plan assists a business owner in thinking carefully about how to operate and sustain the business. It is often necessary if a business owner seeks business loans or other outside funding. Hence, the business plan is a roadmap to success, especially with projections.

Business owners are often passionate about the product or service they can provide. The banker will want to know how much revenue those products and services will bring to repay loans while the business thrives. The banker's job is to help businesses be profitable and successful.

Suppose a business owner meets with a banker without a business plan or needs to be more organized. In that case, the banker may refer an owner to an external institution for assistance. The following institutions closely cooperate with community banks and other banks to help businesses to develop a business plan:

- Small Business Administration, <https://www.sba.gov/>
- Small Business Development Centers, <https://www.sba.gov/local-assistance/resource-partners/small-business-development-centers-sbdc>
- Farm Service Agency, <https://www.fsa.usda.gov/>

Let's now turn to what a business plan should contain. Of course, there are many resources and styles for writing a business plan. Some resources for writing and styling a business plan can be found here:

- Purdue online business planner – a website that helps write a business plan using a question-and-answer format: INventure Business Planner, <https://www.purdue.edu/newventure/>.
- Purdue Institute for Family Business offers other resources for business planning, <https://ag.purdue.edu/agecon/fambiz/Pages/business-planning.aspx>, and strategic business planning, <https://ag.purdue.edu/agecon/fambiz/Pages/SBP.aspx>.
- Specific publications about business planning: https://ag.purdue.edu/agecon/fambiz/Documents/the_elements_of_business_plan.pdf https://ag.purdue.edu/agecon/fambiz/Documents/fatal_business_planning_assumptions.pdf https://ag.purdue.edu/agecon/fambiz/Documents/strategic_planning_scanning_the_horizon.pdf.

In general, a good business plan should include a combination of the five planning tasks.²⁹

1. Identify values

- ✓ Business owners should identify what is essential for them, namely what the owner is most passionate about. What values best identify their personal belief?

2. Describe the business history and current situation

- ✓ Business family history: tradition, heritage, legacy.
- ✓ Business history: 3 years of production, financial and tax return history.
- ✓ Current situation in the following categories:
 - Marketing: product, customers, unique features, distribution, pricing, promotion, anticipated market/industry changes.
 - Operations: management and production systems, physical resources.
 - Human resources: workforce available, unique skills and expertise, anticipated changes in the workforce.
 - Finances:
 - Financial performance - financial ratios (income to expense, debt to asset, owner's equity), current balance sheet and income statement, business.
 - Financial needs.
 - Financial risk.
 - Current projections: loans approved, leased signed, ect.

3. Identify vision, mission, and goals

- ✓ Vision focuses on the future. Where does the business owner want to go? What are the long-term goals of the business?
- ✓ A mission focuses on the present. What is the purpose of the business? Why does the business exist?
- ✓ A goal is the object of a business owner's ambition or effort. It is an aim or desired result. A business owner can use SMART (Specific, Measurable, Action-oriented, Realistic, and Timely) goals³⁰ as a tool to improve the chances of reaching goals.

4. Strategic planning and evaluation

- ✓ It is beneficial when the business owner makes notes for marketing strategy, operation strategy, human resources, and financial strategy.

5. Present, implement and monitor the business plan

- ✓ Actions related to this task include developing and implementing a 'to-do' list, identifying monitoring checkpoints, maintaining records, and reviewing progress.
- ✓ Quickly and efficiently describing the business and business plan is crucial when asking for money. The potential lender wants to know how the business brings value to its customers, resulting in a positive profit stream.

6.3.3 Sharing business information

Again, communication between a business owner and banker is two-sided.

²⁹McCarty, A.R. 2021. Farm Financial Literacy Coaches' Guide. Building a Sustainable Business. Alcorn State University

³⁰Gregory, A. 2020. SMART Goal Examples. <https://www.thebalancesmb.com/smart-goal-examples-2951827>



The bank expects good financial reporting from customers and sometimes has to explain why they need such reporting. Banks can be very probing at a time, but there is always a reason why they need this information. Banks normally ask for, depending on the type of business, at least annual financial information and tax returns on a regular basis. A banker thinks the relationships need to be built on a client who understands and can provide accurate and up-to-date financial information.

Business owners expect honest dialogue, problem-solving when they have issues, and prompt response times. The bank is supposed to convey what is needed regarding financial information for their transactions. Correspondingly, a bank expects regular updates from a business and shares all the details of its financial position.

If business owners want to grow and ask for financing, they need to sit down with a banker and discuss the variety of products that a bank has and how the bank can help them grow the business. In case businesses have financial issues or hard times, the owners should increase contact with the bank. A banker and owners can

meet and look at what those issues are and see what kind of solutions the bank has for them. As business owners discuss the difficult situation, they must be honest about its status and outlook and address the challenges. The more information the bankers have regarding strategies and forecasts, the better equipped the bank representative will be to provide guidance.

6.3.4 Regular Communication

The essential factor in strengthening any relationship is regular communication. Consistent, positive outreach transforms a business from an account number to personal contact. Communication is usually two-sided. From the bank itself, the perspective is always to keep in contact with a customer. The constant communication between a business owner and bank enables a banker to know what is happening in the life of a business owner. Thus, the banker usually tries to talk to business owners at least quarterly, if not monthly, depending on their lending relationship. For example, a banker may call only to check in if a business owner only borrows for real estate or equipment.

On the other hand, suppose a business owner has an operating line or credit with regular draws. In that case, a banker may be contacting an owner more often, or the frequency could be with a line of credit as an owner naturally calls in more to make draws.

Business owners often call when they realize they need something, such as a machine or more credit for payroll or working capital. In the case of agricultural producers, the communication may not be so often during planting and harvesting season. In contrast, contact may be more frequent if business owners live closer to a bank branch. For example, if they come in to do other banking needs every other week, they can let a bank representative know about a new land purchase or a growing need for equipment.

There are many ways that a banker and business owner can communicate. Bankers prefer phone calls as an effective method of quickly checking in with a client. Bankers and business owners trade messages a lot with email. There are some cases where they just text each other about what time they can make a meeting, etc. Nevertheless, a face-to-face visit is the best way to convey information whenever possible. Bankers like to visit businesses. The site visits help a banker better understand how the business works. It is also easier for a business owner to explain the processes, show a new product line, or talk to a new customer.

7. APPLYING FOR A SMALL BUSINESS BANK LOAN

Every business needs money at some point. Without it, they might find themselves being unable to afford inventory, equipment, payroll, and other necessary expenditures.

So, many business owners decide to apply for bank-issued loans in order to fulfill their financial needs.

Small businesses now have more financial options than ever before. Yet, it can be challenging to select the right loan and lender. Therefore, before the business owner applies for a small business loan, it is helpful to ask a potential lender a few simple questions to increase the chance of getting the loan. This section guides business owners on what questions they should ask a lender and provide a list of standard bank loan requirements.



7.1 Questions to ask a lender before applying for a small business loan

1. Do you lend to small businesses?
2. Do you lend to small businesses without an established relationship with your bank?
3. Do you lend to startup businesses?
4. What kind of loans do you recommend for my business needs?
5. What are the interest rates, the total cost, and the payment schedule?
6. How long will the loan application process take from application to funding (if the loan is approved)?
7. What documents do I need to prepare before starting the application?

7.2 Things a banker needs when a small business owner applies for a loan

Personal information

Personal information includes standing and general impressions of the business owner, such as:

- Who you are.
- How long you have lived in your current residence (and potentially prior residences as well).
- Whether you have a record with the bank. Banks may differentiate between businesses with a well-established relationship with a bank and new businesses without a developed banking relationship. If the business owner has an established relationship with a bank, it means that the bank has more history, information on how the business operates, and its profitability.
- Whether you have a credit from the bank or other loan specialist.
- How you cover your bills (data revealed by credit departments).
- References.
- Information about potential references. This could be an individual that you have worked with or for or someone who can attest to your character or business knowledge.
- Your experience in maintaining a business (the board insight).
- Your experience in the kind of business you might want to begin.

Complete business financial information

Banks differentiate between well-established and new businesses in terms of loan requirements.

Established businesses

- The bank always wants three years of tax returns because they understand that businesses' debts and cash flows can fluctuate year to year.
- The bank looks at:
 - A global debt service coverage ratio (DSCR, a business available cash flow to pay current debt obligations. The DSCR shows a lender whether a business has enough income to pay its debts).
 - Net worth (the value of the assets a business owner owns minus the liabilities they owe).
 - Debt to equity (D/E ratio is used to evaluate a business financial leverage).
 - Business credit scores.
 - Personal credit scores.
- The bank wants to have personal guarantors on the loan because the business owner is the business.

New businesses (startups)

- Besides the common requirement, the bank requires information on what kind of cash a new business has available and if they have equity in their home that can be used.
- New businesses need to understand that the bank will not finance 100% of their project. For example, if they purchase real estate, the bank will finance 80% of the appraised value or purchase price. If they purchase inventory, the bank will fund no more than 40%. Often, if new businesses buy a business with an established brand name, some goodwill value is attached to the brand. A bank will not normally finance that goodwill. New businesses need to finance goodwill from their equity in a home or cash in the bank.



Business plan

As we mentioned in section 6, a well-prepared business plan helps the bank understand the business owner, their business, any special concerns, and the requirement of the business's sector. The business plan can help the bank determine the right loan amount and term for the business.

All of your personal financial details. This includes:

- Social security numbers.
- Details on assets and liabilities such as your home, vehicles, investment accounts, credit card accounts, car loans, and mortgages.
- In addition, for businesses with multiple owners or partnerships, the bank will want financial statements from all owners who have significant shares.

Business insurance information

Business insurance is designed to protect a business owner's financial assets and is essential for a bank. The most common

and comprehensive type of policy business owners invest in is general liability insurance, typically covering bodily injury, property damage, medical payments, legal defense and judgment, and personal and advertising injury. Banks may also need other types of coverage such as commercial property insurance, worker's compensation insurance, professional liability insurance, etc.

8. SMALL BUSINESS LOANS AND OTHER FUNDING OPTIONS

When small businesses need a financial infusion, they have several options. In this section, we will look closer at small business loans, lines of credit, factoring, and government programs for small businesses as common types of financing available for small businesses.

It is important to differentiate between a business loan and a business line of credit. Business loans provide small business owners with a lump sum that they must pay back over time, with interest. A business line of credit, similar to a credit card, allows a business owner to borrow up to a set limit. An owner pays interest only on the borrowed amount. We will talk about the type of financing later in the section.

8.1 Business loans

A small business loan is a source of funding business owners can access to cover the costs associated with operation and growth. Business owners can get small business loans through traditional banks, credit unions, and online lenders - including those backed by the U.S. Small Business Administration (SBA).

Depending on the type of loan, a business owner can use funds for everything from working capital and equipment acquisition to larger purchases like real estate. There are different types of business loans for different purposes, and it is crucial to find the best fit for the business needs.

8.1.1 SBA Loans

SBA loans are small business loans that the U.S. Small Business Administration guarantees.³¹ These loans typically range from \$30,000 to \$5 million, have low-interest rates, and extended repayment terms up to 25 years. However, qualification requirements can be more demanding than other loans not backed by the government, and the application process typically takes longer.

8.1.2 Term Loans

Term loans are a traditional form of loan from a bank for a specific amount with a specific repayment schedule and fixed or unfixed interest rate. In general, short-term loans range from 3 to 18 months, whereas long-term business loans may be extended for up to 10 years. While some term loans are designed for specific uses, like financing equipment or inventory, term loans can be used to fund most large business-related purchases.

8.1.3 Equipment Financing

Equipment financing is a small business loan that helps businesses purchase the equipment and machinery needed to start and maintain operations. Small businesses typically use flexible financing

for everything from office furniture and electronics to manufacturing equipment.

Purchased items collateralize equipment loans, so the size of a loan depends on the value of the equipment and the size of the down payment. Your bank can tell you the maximum it will lend to your business if the loan is secured by inventory.

8.1.4 Special Purpose Loans

The following types of commercial loans are based on the purpose and the type of borrower.³²

Agricultural loans

These loans are designated for the production of crops, fruits, vegetables, and livestock; the purchase or refinancing of farmland, machinery, and equipment; the purchase of breeder livestock; and farm real estate improvements such as facilities for storage and housing, and handling of grain or livestock.

Manufacturing loans

These loans are for equipment loans and leases for manufacturers.

Veteran and military member loan programs

These loan programs are for current and former service members. Business loan guarantee programs are available through the SBA.

Exporter loans

The loans are designed for export companies. The loan guarantee programs are available through the Export-Import Bank of the United States (EXIM Bank), the U.S. Department of Agriculture, and the SBA.

³¹SBA. Loans. <https://www.sba.gov/funding-programs/loans>

³²SBA: Banking Services Available for a Small Business – Instructor Guide: https://www.sba.gov/sites/default/files/articles/MSSB_Banking_Services_IG.pdf

Disaster loans

These loans are for small businesses affected by natural and other disasters. The SBA directly administers emergency loan programs. A business must be located in a designated disaster area as determined by the Federal Emergency Management Agency with presidential approval to qualify for a disaster loan.

8.2 Lines of Credit

Unlike a term loan that is paid back in a lump sum at fixed intervals, a line of credit is a set amount of money that a business owner can access on a revolving basis. This means the borrower can draw against the line of credit for a set period, usually up to five years. If the borrowers pay back a portion of the line of credit early, they can access it again until the draw period ends. Once the draw period is over, the borrower enters the repayment period and can no longer access the revolving funds. Unlike a term loan, where a borrower pays interest on the entire amount, business owners who access a line of credit are only charged interest for what they use.

Lines of credit are a good option for businesses that want to access cash on an as-needed basis. Small businesses can use this type of credit line to meet short-term needs such as inventory purchases, funding accounts receivables, and unexpected expenses.

8.3 Factoring

Factoring is a financial transaction in which a business sells its accounts receivables to a third party at a discount. Factoring is referred to as “accounts receivable factoring,” “factoring financing,” or “invoice factoring.” Invoice factoring

is the process of selling a business’s outstanding invoices in exchange for a lump sum cash payment. The seller gets immediate cash rather than waiting for customers who usually have 30 to 90 days to pay their invoices. However, because invoices are sold to a third-party factoring company at a discount, the seller does not get paid for invoices in full. Once the seller sells an invoice to a factoring company, the factoring company assumes responsibility for collections.



8.4 Government Programs for Small Businesses

Entrepreneurs looking for viable forms of funding to start or expand their businesses have various options. One of them is government grants for small businesses. Government grants are financial awards and incentives from federal agencies and public for-profit and not-for-profit organizations, often given to individuals, businesses, and organizations to stimulate/grow the economy and create job opportunities.

Unlike loans, grants do not have to be repaid, and no interest is attached. Business grant opportunities from the government could be offered from federal, state, or local municipality levels and are very specific in the industry and type of small businesses that can apply and how the funding can be used.

The most common governmental programs for small businesses include:

1. Small Business Administration³³

- Loans, including COVID-19 Relief options.
- Investment capital.
- Disaster assistance.
- Surety bonds.
- Grants.

2. Small Business Innovation Research Program (SBIR) and Small Business Technology Transfer Program (STTR).³⁴

3. The U.S. Department of Agriculture (USDA) Business Programs.³⁵

4. The USDA's Rural Business-Cooperative Service.³⁶

Several websites offer lists of funding opportunities for small businesses and application portals. Some of the grants are focused explicitly on women-owned, minority-owned, and veteran-owned small businesses to apply.

Grants.gov

Grants.gov is an E-Government initiative managed by the Department of Health and Human Services. It delivers a system that provides a centralized location for grant seekers to find and apply for federal funding opportunities.³⁷

USGrants.org

USGrants.org is a portal for government grants and funding opportunities in the U.S. The goal is to help businesses and organizations find and apply for grant opportunities by providing all the resources and tools needed.³⁸

Governmentgrants.us

USAGrantApplications portal offers information and application services related to different government grants. Business grants presented on this portal include:

- Small Business Funding / Management.
- Start-up / Expansion Business Capital.
- Home Business Assistance.
- Women-Owned Business Funding.
- Small Business Loans.
- Minority-Owned Business Funding.
- Private Money / Venture Capital.³⁹

³³SBA. <https://www.sba.gov/funding-programs>

³⁴SBIR. <https://www.sbir.gov/>

³⁵USDA Rural Development. <https://www.rd.usda.gov/programs-services/all-programs/business-programs>

³⁶USDA Rural Development. <https://www.rd.usda.gov/about-rd/agencies/rural-business-cooperative-service>

³⁷Grants.gov. <https://www.grants.gov/>

³⁸USGrants. <https://www.usgrants.org/>

³⁹USAGrantApplications. <https://www.governmentgrants.us/>



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