

Frequently Asked Questions (FAQs) for Business Loans

Please talk to us at any time!

admin@vclf.org or (802) 223-1448

What does Vermont Community Loan Fund (VCLF) do?

The Vermont Community Loan Fund is a mission-driven, community-focused alternative lender. We provide loans and other resources to local businesses, community organizations & nonprofits, early care & learning providers and developers of affordable housing who don't qualify for a loan from a traditional lender. We develop and promote innovative capital-based solutions to issues of poverty, justice and opportunity. We're invested in a stronger, healthier, happier Vermont.

Can you provide translation or interpretation services?

Yes! We aim to help everyone be able to access VCLF services in their preferred language and will do what we can to help. You can let us know by contacting our Loan Team at admin@vclf.org or (802) 223-1448.

How much can I borrow for my business?

The current maximum is \$350,000 for first-time borrowers.

Do you lend to start-up businesses?

Yes, VCLF regularly lends to businesses at every stage, including start-ups.

What are VCLF's interest rates and terms?

Terms range from several months up to 20 years. VCLF has several loan programs that have a variety of interest rates depending on the group of applicants they serve. We publish our current rates on our [website](#). Flexibility in terms, rate, and repayment schedule is project specific and based on the project.

Is there a minimum credit score requirement to apply for a loan?

No, we do not have a minimum credit score requirement. However, if a review of your personal credit reveals past due payments and collection accounts, you will need to explain to us why they happened and what you are doing to resolve the issue. This is something you will talk about with your loan underwriter.

Will my credit score be affected if I apply?

Yes, your credit score will be affected when you submit a loan application due to a "hard pull" on your credit. A hard pull, also known as a hard inquiry or hard check, occurs when any lender or creditor checks your credit report. A single hard pull is only one factor contributing to your overall credit score and its impact will diminish over time.

What do I need to apply for a loan? What if I do not have a business plan or cash flow projections?

All our Loan Applications are on our [website](#). Depending on the type of loan you are requesting, you will need to provide different information. The Loan Application will tell you what is needed.

Our general Business Loan Application will require:

- Signed Cover Sheet & Loan Application Form
- Completed business plan, with a source and uses budget
- Business tax returns for the three most recent years
- Three years historical financial statements (Profit & Loss Statements and Balance Sheets)
- Current Year Balance Sheet, Profit & Loss, Aging of Accounts Receivable and Accounts Payable
- Twelve-month projected income or cash flow statements
- A [Personal Financial Statement](#) and personal tax returns for anyone who owns 20% or more of the business
- Application fee

If you do not have a business plan or cash flow projections, please [contact](#) the Business Resource Center to schedule a free meeting with one of our Business Advisors. **Note:** Our Justice Forward Fund provides loans up to \$50,000 for BIPOC business owners and has a simpler application.

How long will it take for my loan to be approved?

We aim to decide in 6-8 weeks after a complete application is received. Some of this depends on your ability to provide the information we need. After a decision is made, you and VCLF will need to take other steps. At a minimum, it can take 2 weeks after approval before a loan “closes” and funds are received. You can discuss your timeline needs with your VCLF loan officer.

Do I need collateral?

Collateral is required on fixed assets, inventory and receivables for loans greater than \$10,000. VCLF may also require security in the form of personal guarantees, collateral on personal assets, or a co-signer.

How does the repayment process work?

We will work with you to set up automatic withdrawals from your bank account (“ACH” payment). If you need to make changes during your loan term, we can work with you.

What if I face a challenge repaying the loan?

We encourage you to contact a member of the loan team as soon as you think there could be an issue. We will discuss details and work to find a solution, which could include adjusting your payment terms. Our [Business Resource Center](#) can also help.

Are there any penalties for paying my loan off early?

There are no penalties for paying off your loan early.

Does VCLF offer any technical assistance or mentorship along with loans?

Our [Business Resource Center](#) provides free comprehensive business development and financial management counseling to make sure you've got all the tools you need for your business to succeed. Many VCLF borrowers also work with our partners:

- [Micro Business Development Program](#)
- [Vermont Small Business Development Center](#)
- [Center for an Agricultural Economy](#)
- [Intervale Center](#)
- [Vermont Manufacturing Extension Center](#)
- [Center for Women & Enterprise](#)

How do I get started?

You can inquiry about a loan on our [website](#) or contact our Loan Team at admin@vclf.org or (802) 223-1448.

Can you provide some examples of loans?

We provide financing for businesses, developers of affordable housing, community organizations & facilities, and early care & learning programs. We also have loan programs dedicated to racial & economic justice, outdoor recreation, agritourism and food, farms & forests. Every loan is tailored to fit the unique needs of each borrower. See our the "Borrower" tab on our website for more details on specific loan programs.

Why do I need financial projections?

Projections, particularly for newer businesses, are vital. It helps us determine that your business can make enough sales to cover expenses, provide an owner's draw for you, and pay back the loan. Historical sales may not let us fully understand the financial position of your business. Projections are key to helping us understand your business and future plans.

Why do you ask about bankruptcy, pending lawsuits and citizenship status?

VCLF uses several funding sources to make loans. Some of these sources are not available if a borrower has filed for bankruptcy or defaulted on federal debt. We use this information to determine the eligibility for different VCLF funds.

You're using big words, help?!

We have a [glossary](#).