

# Definitions

**Exceptions may apply; in the event of any conflict between these definitions and the loan documents, the loan documents will control and supersede these definitions.**

**Accounts Receivable:** money owed by customers (individuals or corporations) to your business in exchange for goods or services that have been delivered or used, but not yet paid for

**ACH Billing (debit):** used to electronically collect customer bill payments and donations

**ACH Payroll (credit):** used to electronically deposit employee payroll

**Annual Gross Salary:** your gross pay from any businesses or employers per year

**Annual Sales Revenue:** total revenue for the business before expenses are deducted

**Automatic Payment:** an automated, scheduled payment from a deposit account to your loan

**Balance:** the current principal balance of the loan, line of credit or credit card

**Business Deposit (Remote Deposit Capture):** used to deposit business checks right from your office

**Business Credit Card:** used to have funds quickly available for day-to-day operational needs; the requested limit can be split into individual limits for multiple cards

**Business Individual:** an individual borrowing by themselves for a business purpose

**Business Structure:** a business structure is a category of organization that is legally recognized in a given jurisdiction and characterized by the legal definition of that particular category.

**Cash / Stocks / Liquid Assets:** cash or other assets that can be converted into cash quickly and with minimum impact to the price received

**Co-Borrower:** an individual that will be jointly responsible for the debt

**Collateral:** property or other assets that a borrower offers a lender to secure a loan

**Commercial Real Estate:** a non-residential property located by or used for business purposes; may be leased or owner occupied

**Complete Federal Tax Return:** used to file an annual income that includes all payments and schedules

**Employer Identification Number:** a unique identification number that is assigned to a business entity so that they can easily be identified by the Internal Revenue Service

**Equipment:** equipment that has no permanent connection to the structure of a building or utilities

**Existing Lien:** the collateral secures one or more loans at Pinnacle Bank or other financial institution

**Furniture & Fixtures:** movable furniture or fixtures that have no permanent connection to the structure of a building or utilities

**General Business Assets:** all assets owned by the business, excluding real estate

**Guarantee:** a formal pledge to pay another person's, business's, organization's debt or to perform another person's, business's, organization's obligation in the event of default

**Guarantor:** a person, business or organization that provides a guarantee

**HMDA (Home Mortgage Disclosure Act):** A federal act approved in 1975 that requires mortgage lenders to keep records of certain key pieces of information regarding their lending practices. The primary purposes of the Act are to help authorities monitor discriminatory and predatory lending practices, as well as to ensure government resources are allocated properly.

**Improved Land:** vacant land that has been developed or has other improvements

**Inventory:** the raw materials, work-in-process goods and completely finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale

**Lease:** a contract by which one party conveys land, property, services, etc. to another for a specified time, usually in return for a periodic payment

**Legal Name:** the name that the business is organized or tax reported under

**Length of Repayment:** the number of months until the loan is fully paid, also referred to as the loan term

**Line of Credit:** a loan most often used to have funds available for short term day-to-day operational needs

**Login:** user name for client portal

**Monthly Payment:** the approximate amount that is due monthly on the loan, line of credit or credit card

**Mortgage Loan:** a business loan secured by real estate with a fixed repayment structure

**Nature of Business:** a brief description of what your business does

**Non-Real Estate Collateral:** may include deposit accounts, general business assets, furniture and fixtures, inventory, equipment or accounts receivable

**Non-Revolving Loan:** credit extended to a borrower with a fixed repayment plan

**Organization or Public Entity:** a non-profit or for-profit organization, civic group or government entity

**Overdraft Protection:** a smaller line of credit used to provide overdraft protection for a checking account

**Owner Occupied:** at least one of the collateral owners uses the residential property as their principal dwelling, or has a business in the commercial property and occupies over 50% of the space

**Present Management Since:** the date that the current management began operating at the business; may be the same as the date established

**Principal:** a business owner or individual designated to sign on behalf of a business or organization

**Residential Real Estate:** any structure that will be used primarily for housing individuals

**Revolving Loan or Line of Credit:** a loan that has a credit limit that can be spent, repaid, and spent again

**Single Payment Note:** a shorter term, higher rate loan with interest only payments and the full amount due at maturity

**State of Organization:** the country and/or state under which laws a business is organized

**Term Loan:** a loan that fully amortizes with principal and interest payments due monthly

**Unimproved Land:** undeveloped raw land; may include recreational land

**Unsecured:** the loan will not be secured by collateral; this will generally result in a higher loan rate

**Vehicle:** automobile or truck; does not include machinery and equipment