

	7(a) Loans Up To \$350,000:	7(a) Loans Over \$350,000:	Express
Impacted Loans	Any 7(a) Loan for \$350,000 or less Where the Lender Request the Guaranty Submitted Through Standard, CLP, or PLP Processing Procedures	Any 7(a) Loan for Over \$350,000 Where the Lender Request the Guaranty Submitted Through Standard, CLP, or PLP Processing Procedures	Any 7(a) Loan Where the Lender Requests the Guaranty Through: SBA or Export Express Processing Procedures
Impacted Loans	This includes all Basic 7(a) Loans (Proceeds as Specified in 13 CFR §120.120) Plus any Disabled Assistance, Owned by Low Income, Energy Conservation, EWCP, International Trade, ESOP, Veteran, Pollution Control, 8(a) Owned Business or Caplines Loan	This includes all Basic 7(a) Loans (Proceeds as Specified in 13 CFR §120.120) Plus any Disabled Assistance, Owned by Low Income, Energy Conservation, EWCP, International Trade, ESOP, Veteran, Pollution Control, 8(a) Owned Business, or Caplines Loan	Term Loans Structured and Underwritten by the Lender Without Many SBA Specified Requirements Line of Credit Structured and Underwritten by the Lender Without Many SBA Specified Requirements
Credit Standards	Lenders must analyze each application in a commercially reasonable manner, consistent with prudent lending standards	Lenders must analyze each application in a commercially reasonable manner, consistent with prudent lending standards	For smaller, less complex loans lenders must follow their established and proven internal procedures used for their similarly sized non-SBA guaranteed commercial loans.
Submission	Request For Guaranty Submitted Through E-Tran or SBA One No Submission By Mail; Fax; or E-Mail	Request For Guaranty Submitted Through E-Tran or SBA ONE No Submission By Mail; Fax; or E-Mail	Submitted Only Through E-Tran or SBA One
Pre-Screening for Credit Score	The Request for Guaranty Process begins with a pre-screening for a credit score. Lender enters certain data into E-Tran or SBA ONE and a credit score is issued. If the loan request does not receive an acceptable credit score, the lender may submit their request for Guaranty through <ul style="list-style-type: none"> Standard Processing to the LGPC or, SBA Express Processing if an SBA Express lender, using E-Tran and seeking a 50% guaranty. 	No Pre-Screening for Credit Score	No Pre-Screening for Credit Score
Lender's Credit Memo	SBA Now Specifies What Needs To Be In The Lender's Credit Memo These Requirements are assumed to have been complied with before the lender request a Guaranty	SBA Now Specifies What Needs To Be In The Lender's Credit Memo These Requirements are assumed to have been complied with before the lender requests a Guaranty	Lender to follow their established and proven internal procedures used for their similarly sized non-SBA guaranteed commercial loans. NFRL's To Follow Policy SBA has Approved
Credit Memo	1. Lenders must demonstrate the Small Business Applicant's ability to repay the loan from the cash flow of the business and at a minimum include documentation of the following:	Lenders analysis must demonstrate the Small Business Applicant's ability to repay the loan from the cash flow of the business by documenting the following:	Follow internal procedures
Credit Memo	(a) A brief description of the history of the business;	(a) Description of the history and nature of the business;	Follow internal procedures to describe the History and Nature of the business
	(b) Consider the length of time in business under current management and, if applicable, the depth of management experience in this industry or a related industry.	(b) Consider the length of time in business under current management and, if applicable, the depth of management experience in this industry or a related industry.	Follow internal procedures
	(c) The Small Business Applicant's debt service coverage ratio is equal to or exceeds 1:1 on a historical or projected cash flow basis;	(c) Analysis of repayment based on historical financial statements (or Verified Tax Returns) for non-expanding businesses and detailed projections, with supporting assumptions for Start-Ups and Expanding Businesses:	Follow internal procedures

	For loans under \$50,000, there is no Specified Technique to Analyze Repayment	N/A	Follow internal procedures
	For Loans between \$50,000 and \$350,000, the Lender must assess Repayment by Measuring the Applicant's Global Cash Flow	For Loans over \$350,000 Lender must Assess Repayment Based on a Defined Operating Cash Flow Divided By the Defined Debt Service requirement	
	Lender must document in the loan file their definition or formulas used to calculate Global Cash Flow OCRM Does Not Approve the Model (Except for NFRLs)	Operating Cash Flow (OCF) is Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	
		Debt Service (DS) is the next 12 Month's Principal and Interest payments on all business debt including the new SBA loan proceeds.	
	Applicant's Global Cash Flow coverage ratio must meet or exceed 1:1 on a historical or projected cash flow basis.	The applicant's debt service coverage ratio (OCF/DS) must be 1.15 to 1 or greater on a historical and/or projected basis:	
	2. Lenders may use their own credit scoring criteria to assess the character, reputation, and credit history of the applicant (and the Operating Company, if applicable), its Associates, and guarantors, including historical performance as well as the potential for long term success.	3. Prior to determining EBITDA the lender needs to make appropriate adjustments to the cash flow such as: (a) Unfunded capital expenditures; (b) Non-recurring income; (c) Expenses and distributions; (d) Distributions for S-Corp taxes; (e) Rent payments; (f) Owner's Draw; and/or (g) Assessment of impact on cash flow to/from any affiliate business.	
	3. Lenders must analyze the strength of the business including key characteristics of the account such as internal Credit/Deposit behavior data, current consumer credit bureau data, and Small Business Financial Exchange data to determine creditworthiness such as the probability of an account reaching 90 days past due in the next 6 months.	When Repayment is based on Projections provide an analysis of those assumptions, such as: i. Reason for any reduced expenses; ii. Reason for revenue growth, i.e. (a) new product lines, (b) sales channels, and (c) production facilities, and iii. Industry analysis.	
Owner/Guarantor Analysis	Owner/Guarantor analysis, including personal financial statements, consistent with lender's similarly-sized non-SBA guaranteed commercial loans.	No Equivalent except for Working Capital Caplines	
	Request for Guaranty Processed through Standard of CLP Procedures lender must verify and reconcile the applicant's financial data against income tax data prior to submitting the request to SBA by submitting IRS Form 4506-T, Request for Transcript of Tax Form to the Internal Revenue Service (IRS) Request Processed through PLP must be verified prior to Disbursement	The 4506T Verification of Tax Reports have to be completed Prior to Requesting a Guaranty for Non-Delegated lenders, and Prior to First Disbursement for Delegated Lenders	4506T Verification of Tax Process Completed Prior to First Disbursement for Express Lenders
Equity	The Lender must include in its credit analysis a detailed discussion of the required equity and its adequacy.	The Lender must include in its credit analysis a detailed discussion of the required equity and its adequacy.	The credit decision on SBA Express and Export Express loans, including how e) much to factor in

	SBA considers an equity injection of at least 10 percent of the total project costs to be necessary for Start-Up, Change of ownership between partners and Complete Change of ownership transactions.	SBA considers an equity injection of at least 10 percent of the total project costs to be necessary for Start-Up, Change of ownership between partners and Complete Change of ownership transactions.	a past bankruptcy or whether to require an equity injection, is left to the business judgment of the Lender. Also, if the Lender requires an equity injection and, as part of its standard processes for non-SBA guaranteed loans verifies the equity injection, it must do so for SBA Express and Export Express loans.
		5. Spread of pro-forma Business Balance Sheet (current business balance sheet + changes in assets and liabilities as a result of the loan, other debt, any required equity injection and use of proceeds);	
		6. Ratio calculations (based on the pro-forma Balance Sheet and historical and projected Income Statements) for the following financial ratio benchmarks: Current Ratio, Debt/Tangible Net Worth, Debt Service Coverage, and other ratios the lender considers significant for the business/industry (e.g., inventory turnover, receivables turnover, and payables turnover, etc.);	
		7. Analysis of working capital adequacy to support projected sales growth in next 12 months;	
CAIVRS			Delegated Lenders are responsible for checking the Credit Alert Verification e)Reporting System (CAIVRS) to determine if any of the individuals or businesses identified in paragraph c) above have outstanding Delinquent Federal Debt or Prior Loss.