

# Tab 1

# Application

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- Borrower(s) Information

- SBA Form(s) 1919

- Lender's Application

- SBA Form 1920

**Note:** Loans referred to in the 10-Tab as “Small Loans” are standard 7(a) loan requests that do not exceed \$350,000 and meet the minimum credit score to be processed under the Small Loan criteria.

# Borrower Information

- SBA Form 1919, must be completed and signed by the following:
  - For a sole proprietorship, the sole proprietor;
  - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the firm;
  - For a corporation, all owners of 20% or more of the corporation and each officer and director;
  - For limited liability companies (LLCs), all members owning 20% or more of the company and each officer, director, and managing member;

And:

- Any person hired by the business to manage day-to-day operations;
- Any person required by SBA to guarantee the loan.

# Lender's Application

- ❑ SBA Form 1920 – Lender's Application

# Tab 2

## Lender's Credit Memo

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### Lender's Credit Memo, with:

➤ Debt Schedule (N/A for Small Loans)

➤ Schedule of Collateral (N/A for Small Loans)

(Note: For Small Loans, if a schedule is not included, lender must provide the collateral and lienholder information required for the LGPC to create the Loan Authorization.)

➤ When refinancing any Same Institution debt:

Transcripts of the loan(s) being refinanced, and

An explanation of any late payments and late charges that have occurred

# Lender's Credit Memo

## Required for all applications

- For Small Loans, see [SOP 50 10 5\(G\), pages 154-155](#) for complete LCM requirements which include:
  - A brief description of the history of the business and its management;
  - Debt service coverage ratio of at least 1:1; and
  - Statement that lender has reconciled financial data (including seller's financial data) against IRS transcripts;
  - Owner/Guarantor analysis (including personal financial condition);
  - Lender's discussion of life insurance requirements;
  - Explanation and justification for any refinancing;
  - Analysis of credit, including lender's rationale for recommending approval;
  - For a change of ownership, discussion/analysis of business valuation and how the change benefits the business;
  - Discussion of any liens, judgments or bankruptcy filings; and
  - Discussion of any other relevant information.
  
- **For loans exceeding \$350,000**, see [SOP 50 10 5\(G\), pages 155-158](#), for the complete LCM requirements (which include the above), plus:
  - Financial analysis including: Analysis of the historical financial statements (defining EBITDA, documenting additions and subtractions to cash flow, and showing DSC of at least 1.15:1), defining assumptions supporting projected Cash Flow, when used, spread of pro-forma Balance Sheet, Ratio Calculations, and Working Capital analysis;
  - Collateral Analysis.

# Debt Schedule

➤ Required for:

- The borrower and affiliates for all loan requests exceeding \$350,000 (whether refinancing is included, or not),
- All loans being refinanced (regardless of the loan size and processing method).

Must include: Lender Name, Origination Date, Original Balance, Current Balance, Rate, Term, and Monthly Payment.

# Schedule of Collateral \*

For Small Loans, if a schedule is not included, Lender must provide all collateral and lienholder information required by the LGPC to complete the Loan Authorization.

**\* Not required for Small Loans.**

# Tab 3

## Draft Authorization

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- Required for CLP loans, recommended for all others.

**Note:** Submission of the Draft Authorization helps to ensure that your loan approval will reflect the amounts, terms, and conditions that you have requested.

## Tab 4

# Owner/Operator Personal Info.

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- Personal Financial Statement \* - (SBA Form 413),  
(and Personal Tax Returns - when submitted)
- SBA Form 912 - (Personal History Statement) (if required)
- Verification of Alien Status (if required)

\* Not required for Small Loans.

# Personal Financial Statement \*

## (SBA Form 413, or Lender's Equivalent)

- Must be provided for all owners of 20% or more and for all proposed guarantors (and must include all assets of the owner's spouse and any minor children).
- Must be provided for all Trustees if applicant is owned by a Trust.
- Must include all requested information.
- Must be signed and dated within 90 days (*including signature of non-owner spouses*).

**\* Not required for Small Loans.**

# **SBA Form 912**

## **(Personal History Statement)**

- Required only if question 1, 2, or 3 of Form 1919 is answered “Yes” (see SOP 50 10 5(F), page 198).
- ❑ 912 Addendum “B” (or equivalent), when required.
- ❑ SBA Form FD-258 (fingerprint card), when required (hard copy must be mailed to the SBA).

# Verification of Alien Status

- Required for any alien required to complete SBA Form 1919.

## Tab 5

# Other Processing Documents

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- Business Valuation -
- Payment Transcripts for each debt being refinanced (along with an explanation of any late payments and late charges that have occurred during the period reported) -
- List of all M&E being purchased (with cost quotes) -
- All other documents not listed elsewhere

# Business Valuation

- Required for all change of ownership transactions.
- When intangibles being financed are greater than \$250,000 (or when there is a close relationship between the buyer and seller) an independent Business Valuation from a “qualified source” is required.
- When intangibles being financed are less than or equal to \$250,000, the lender may perform its own valuation of the business (unless the lender’s policy requires an independent valuation be obtained).

# **Payment Transcripts for Debt Refi. (along with Lender's Comments)**

- Required for each debt being refinanced with SBA loan proceeds (36 months for same-institution-debt, 24 months for all others).
- Must include an explanation of any late payments and late charges that have occurred during the reporting period.

# List of M&E Being Purchased \*

- Must include a detailed list of all M&E being purchased (with cost quotes), with SBA loan proceeds.

**\* Not required for Small Loans.**

# Other Processing Documents

- Please do not put any documents in this section if they are listed on another tab.

# Tab 6

## Business Financials \*

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- Current Income Statement & Balance Sheet
- FYE Income Statements (or Income Tax Returns) & Balance Sheets, for last 3 yrs.
- Cash Flow Projection - month by month, for one year  
(required for all new businesses, and when otherwise applicable)
- If purchasing an existing business with SBA loan proceeds, a copy of seller's financials for the last 3 fiscal years, plus interim statements within 180 days of date submitted to SBA

\* Not required for Small Loans.

# **Current (Business) Income Statement & Balance Sheet \***

(within 180 days of date submitted to SBA)

- Both must be dated the same date, within 180 days of submission date.
- All must be signed and dated by the applicant or an authorized officer (if a blanket statement as to their accuracy is not included).
- Must include reconciliation of Net Worth.

**\* Not required for Small Loans.**

# **Fiscal Year-End (Business)**

## **Income Statements & Balance Sheets \***

(for most recent 3 years)

- All copies must be properly signed and dated by the applicant or authorized officer (unless a blanket statement as to their accuracy is included).

**\* Not required for Small Loans.**

# Cash Flow Projections

(month by month, for one year)

- Required for all new businesses, and when otherwise applicable.

# **Seller's Financials**

## **Income Statements & Balance Sheets \***

(most recent 3 year's ending)

- Required when purchasing an existing business with SBA loan proceeds.
- Must include interim statements within 180 days of date submitted to SBA.

**\* Not required for Small Loans.**

# Tab 7

## Affiliate Financials \*

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- Current Income Statement & Balance Sheet
- FYE Income Statements (or Income Tax Returns) & Balance Sheets, for last 3 yrs.

\* Not required for Small Loans.

# Current (Affiliate) Income Statement & Balance Sheet \*

(within 180 days of date submitted to SBA)

- Both must be dated the same date, within 180 days of submission date.
- Must be signed and dated by the applicant or an authorized officer (if a blanket statement as to their accuracy is not included).
- Must include reconciliation of Net Worth.

\* **Not required for Small Loans.**

# **Fiscal Year-End (Affiliate)**

## **Income Statements & Balance Sheets \***

(most recent 3 year's ending)

- All copies must be properly signed and dated by the applicant or authorized officer (if a blanket statement as to their accuracy is not included).

**\* Not required for Small Loans.**

# Tab 8

## Supporting Docs (Eligibility)

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- Franchise Documents
- Business/Stock/Asset Purchase Agreements
- Real Estate Purchase Agreements
- Other Agreements

# Franchise Documents

- Required when the applicant is a franchise.
  - An executed *Certification of Franchise* documents.  
or (if not available)
  - A complete copy of the Franchise Agreement, including any required addendums, & FTC Disclosure Report.
- Required when the franchise is not listed on the franchise registry.
- The following may also be required:
  - Licensing Agreement
  - Dealer Sales Agreement
  - Fuel Supply Agreement
- See Franchise Registry at <http://www.franchiseregistry.com/>

# **Business/Stock/Asset Purchase Agreements**

- Required when the business/stock/other assets will be purchased with the proceeds of this loan.

# Real Estate Purchase Agreements

- Required when real estate will be purchased with the proceeds of this loan.

# Other Agreements

## Tab 9

# Supporting Docs (Collateral)

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- Real Estate Appraisal
- Environmental Investigation Reports
- Lease Agreements

# Real Estate Appraisal

- Required at time of submission when lender owned real estate (OREO) is being financed. Otherwise, it may be a condition of closing.

# Environmental Investigation Reports

- Required when a security interest is taken in commercial real property.

# Lease Agreement

- With terms (*including options to renew*) at least as long as the term of the loan, if applicable.

# Tab 10

## Supporting Docs (Other)

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Such as:

- Articles of Organization
- Business License
- Documentation of Lawsuits/Judgments/Bankruptcy

**Note:** Although these documents should be retained in your file, it is rarely necessary to submit any of them to SBA.