U. S. Small Business Administration
Standard 7(a) Loan Guaranty Processing Center
6501 Sylvan Road Ste 122
Citrus Heights, CA 95610

Standard 7(a) LGPC Submission – Cover Sheet

Lender Contact Information

Lender Name:	
Contact:	
Title:	
Phone:	
Fax:	
Email Address:	

Packager Contact Information

Name:	
Contact:	
Phone:	
Fax:	
Email Address:	

☐ Correspond with lender
☐ Correspond with packager

To submit via: "Send This File" click here.

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Standard 7(a) LGPC Submission Instructions

(Version 11.2011)

This instruction sheet and the following Tab sheets were created to help you submit your LGPC Submission Package. Use of theses Submission PDF's is required for all packages submitted to the LGPC. Please read and follow the instructions provided on each tab sheet. Failure to provide all information outlined in these instructions could result in unnecessary delays in the processing of your guarantee request. Please ensure that each document is placed behind its respective tab as outlined on this page.

Click here to get the most current version of this document.

LGPC Submission Template (tabs 1-5).pdf

Tab 1 – Application

- Std 7(a) LGPC Submission Checklist
- Form 4 or Form 2301, Part A
- Form 4, Schedule A (if not CA or S.RLA)
- Form 4-I or Form 2301, Part B
- Lender's Credit Memo

Tab 2 – Eligibility Questionnaire

- SBA Eligibility Questionnaire
- Form 2301, Part C

Tab 3 – Draft Authorization

- (Required only for CLP/PLP lenders)

Tab 4 – Owner/Operator Personal Information

- Management Resume
- SBA Form 912 (Personal History Statement)
- Personal Financial Statement (SBA Form 413)
- Verification of Alien Status (if required)

Tab 5 – Other Processing Documents

- Business Valuation
- Transcripts for SID refinance (w/Lender's statement)
- List of all M&E being purchased
- Lender/Borrower's Certifications
- All other documents not listed elsewhere

LGPC Submission Template (tabs 6-7).pdf

Tab 6 – Business Financials

- Current Income Statement and Balance Sheet
- Last 3 FYE Income Statements and Balance Sheets
- Cash Flow Projections
- IRS Form 4506-T
- Seller's Financials (if purchasing a business)

Tab 7 – Affiliate Financials

- Current Income Statement and Balance Sheet
- Last 3 FYE Income Statements and Balance Sheets

LGPC Submission Template (tabs 8-10).pdf

Tab 8 – Supporting Docs (Eligibility)

- Franchise Agreement or Certification of Franchise Documents
- Licensing Agreement
- Dealer Sales Agreement
- Fuel Supply Agreement
- Business/Real Estate Purchase Agreement
- Other Agreements

Tab 9 – Supporting Docs (Collateral)

- Real Estate Appraisal
- Environmental Investigation Reports
- Lease Agreement

Tab 10 – Supporting Docs (Other)

Steps on How to Submit an SBA 7(a) Loan

- Complete all required SBA forms and provide the applicable documents listed on the Submission Checklist (following page). SBA forms can be found at http://www.sba.gov/for-lenders .
- Please ensure each section of the applicable SBA forms are completed in their entirety, signed, and dated.
- Please include contact person(s) name(s) along with a fax number and email address for correspondence.
- Retain a copy of the completed file, including all required SBA forms.

Completed loan packages can be sent (* indicates the preferred method):

Electronically

*Go to http://www.sba.gov/content/send-file and click on the "Send a file" link for the Standard 7(a) Loan Guaranty Processing center (LGPC) – CA or KY

Applications with a total file size under 9 megabytes may be e-mailed to 7aloanprogram@sba.gov

Via Fax

Citrus Heights, California
(916) 735-1975

Or

Hazard, Kentucky
(606) 435-2400

By Mail

Standard 7a Loan Guaranty Processing Center – CA
6501 Sylvan Road Suite 122
Citrus Heights, CA 95610

Standard 7a Loan Guaranty Processing Center – KY
262 Black Gold Boulevard
Hazard, KY 41701

Upon receipt of your application, we will e-mail you a confirmation along with an SBA control number.

If you have any questions, contact your local field office, or call (877) 475-2435, or email us at 7aquestions@sba.gov.

Tab 1
Application

- ❑ Std 7(a) LGPC Submission Checklist *(optional)*
- ❑ Business Application - *(Form 4 or Form 2301, Part A)*
- ❑ Schedule of Collateral - *(Form 4 –Schedule A)*
- ❑ Lender's Application - *(Form 4I or Form 2301, Part B)*
- ❑ Lender's Credit Memo

Submission Checklist

- Not required, but strongly suggested.

Business Application

- Form 4,
  - Required for all Regular 7(a), CAPLines, Dealer Floor Plan, and International Trade Loans.

<u>Or</u>

- Form 2301, Part A
  - Required for all SLA, S/RLA and CA Loans.

Schedule of Collateral

- Form 4 –Schedule A

- Must include all requested information.

Lender's Application

- Form 4I,
  - Required for all Regular 7(a), CAPLine, Dealer Floor Plan, and International Trade Loans.

<u>Or</u>

- Form 2301, Part B
  - Required for all SLA, S/RLA and CA Loans.

- *Note: When refinancing SID, all applications must include transcripts, and an explanation of any late payments and late charges that have occurred during the last 36 months.*

Lender's Credit Memo

- *See SOP 50 10 5(D), Pages 178-179 for a list of required information in a lender's analysis.*

For all loans, except S/RLA and SLA, analysis must include:

a) A description of the history and nature of the business.
b) A description of and comments on the business plan including financial condition of the business, need for the business in the area (if new) and competition.
c) A discussion of the owners' and managers' relevant experience in the type of business, as well as their personal credit histories.
d) A financial analysis of the Small Business Applicant's current balance sheet before and after the loan to include any required adjustments such as any equity injection, including a discussion of its adequacy, or stand-by debt.
e) A financial analysis of repayment ability based on historical income statements and/or tax returns (if an existing business) and projections, including the reasonableness of the supporting assumptions.
f) A ratio analysis of the financial statements including comments on any trends and a comparison with industry averages.
g) An analysis of collateral adequacy, including an evaluation of the collateral and lien positions offered as well as liquidation values. (For further guidance, please see SOP 50 51, Loan Liquidation and Acquired Property.)
h) A discussion of lender's credit experience with the applicant and a review of business credit reports.
i) The effect any affiliates (as defined in 13 CFR Part 121) may have on the ultimate repayment ability of the applicant.
j) A site visit consistent with the lender's internal policy for similarly sized non-SBA guaranteed commercial loans. (See also Chapter 2, Paragraph IV.H.7.a)(2) of this Subpart and Paragraph II.C.4 of this Chapter.)
k) A discussion of whether the operating business is the subject of any Federal, State or local citations (including probation), or other actions which would preclude it from normal business operations. SOP 50 10 5(D) Subpart B Effective Date: October 1, 2011 179
l) Other relevant information (for example, if the application involves a franchise, lender must review the franchise agreement and all related documents including the franchise disclosure document and any credit information provided such as the number of failed franchisees and cash flow projections provided by the franchisor).

(Required for <u>all</u> applications)

For all S/RLA and RLA loans the lender's credit memorandum must meet reasonable and prudent industry standards, including, at a minimum:

1. Description of the history and nature of the business;
2. Description of and comments on the business plan including:
   a. Management experience of principal(s), particularly in the industry;
   b. Financial condition of the business; and
   c. Nature of any competition;
3. Spread of proforma 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);
4. Ratio calculations (based on the proforma 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.);
5. Analysis of working capital adequacy to support projected sales growth in next 12 months;
6. Analysis/calculation of cash flow relative to debt service:
   a. Show how historical cash flow would cover total debt service after the SBA loan. (Lenders may use —rule of thumb cash flow, defined as earnings before interest and taxes, plus depreciation and amortization, less total debt service. Each component (including total cash flow) must be shown.); and
   b. Show how projected cash flow covers debt service after the SBA loan. (Lenders may use —rule of thumb cash flow as defined above.) Also, provide an analysis of the reasonableness of the assumptions supporting the projected cash flow.
7. Collateral adequacy assessment (using liquidation values) to offset risk of default;
8. Explanation of and justification for the refinancing of any debts as part of the loan request, particularly Same Institution Debt;
9. Discussion of credit analysis, including lender's rationale for recommending approval;
10. Discussion of any:
    a. Seller financing;
    b. Stand-by agreements;
    c. 90+day delinquencies; and/or
    d. Trade disputes;
11. For a change of ownership, discussion/analysis of business valuation (based on generally accepted valuation methods used for the pertinent industry) used to support the purchase price. (See Paragraph II.C.5 of this chapter for business valuation requirements.);
12. Discussion of any judgments or bankruptcy filings; and
13. Any additional information the lender considers relevant to the credit decision.

Tab 2
Eligibility Questionnaire

- ❑ SBA Eligibility Questionnaire for Standard 7(a) Guaranty,

<u>or</u>

- ❑ Form 2301, Part C - *Required for all SLA, RLA and CA Loans.*

Tab 3
Draft Authorization

- Required for CLP lenders, and recommended for all other lenders.

  - Submission of the Draft Authorization will help ensure that your loan approval will reflect the amounts, terms, and conditions that you have requested.

Tab 4
Owner/Operator Personal Info.

- ❑ Management Resume
- ❑ SBA Form 912 - (Personal History Statement)
- ❑ Personal Financial Statement
- ❑ Verification of Alien Status (if required)

* All are required and must be properly signed and dated.

Management Resume

- Must include a brief description of the educational, technical and business background of all managers.

SBA Form 912
(Personal History Statement)

- Required for every proprietor, general partner, officer, director, managing member of a limited liability company (LLC), owner of 20% or more of the equity of the Applicant, Trustor (if the Small Business Applicant is owned by a trust), and any person hired by the applicant to manage day-to-day operations (key employee). (*see SOP 50 10 5(D), page 110*)

- 912 Addendum “B” (or equivalent), when required.

- SBA Form FD-258 (fingerprint card), when required (hard copy must be mailed to the SBA).

Personal Financial Statement
(SBA Form 413, or Lender's Equivalent)

- Must be provided for all owners of 20% or more.
- Must be provided for all Trustors if applicant is owned by a Trust. (see SOP 50 10 5(D), page 103)
- Must include all requested information.
- Must be signed and dated *(including signature of non-owner spouses).*

Verification of Alien Status (if required)

- Required for every owner of 20% or more of the equity of the applicant that is a Lawful Permanent Resident (LPR), a documented Non-Immigrant Alien, an Asylee with LPR status, or a Refugee with LPR status. (see SOP 50 105(D), pages 120–123)

Tab 5
Other Processing Documents

- ❑ Business Valuation - See SOP, Page 190-191 for requirements.
- ❑ Payment Transcripts for each SID being refinanced (along with an explanation of any late payments and late charges that have occurred during the last 36 months) – *Required for all same institution debts being refinanced with SBA loan proceeds. See SOP 50 10 5(D), page 134.*
- ❑ List of all M&E being purchased (with cost quotes) – *Required for all M&E being purchased with SBA loan proceeds.*
- ❑ Lender/Borrower's Certifications – *Required for all credit card debt being refinanced with the SBA loan. See SOP Pages 133-134*
- ❑ 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 SID Refi.

(along with Lender's Statement)

- Required for each same institution debt(s) being refinanced with SBA loan proceeds. (see SOP 50 10 5(D), page 134)
- Must include an explanation of any late payments and late charges that have occurred during the last 36 months.

List of All M&E Being Purchased

- Must include cost quotes, for all M& E being purchased with SBA loan proceeds.

Lender/Borrower's Certifications

- Required for all credit card debt being refinanced with the SBA loan. (see SOP, pages 133-134)

Other Processing Documents

- Please do not put any documents in this section that are identified elsewhere.