

# Tab 1

# Application

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## Borrower(s) Information

- **SBA Form(s) 1919** \*must be dated within 90 days of submission to SBA

## 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 each of the following:
  - 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)
  - Any person hired by the Applicant to manage day-to-day operations

# Lender's Application

## SBA Form

- Page 1 & 2 are required for all loans.
- Page 3 is required where a business acquisition is involved.
- Applicable sections of pages 4-12 are required along with page 13 signed by the Lender for all loans.

\*See attached loan information addendum form for use where there are multiple borrowing entities.

# Tab 2

## Lender's Credit Memo

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- ❑ Lender's Credit Memo, with:
  - A project breakdown showing the use of SBA Loan proceeds and all other funding.
  - When refinancing SID:
    - ❑ Transcripts of the loan(s) being refinanced, and
    - ❑ An explanation of any late payments and late charges that have occurred during the last 36 months

# Lender's Credit Memo

- Required for all applications
- For loans up to and including \$350,000 (except for Capline and International Trade Loan requests) see [SOP 50 10 5\(H\), Pages 158-161](#) for complete Lender Credit Memo requirements which include:
  - ❑ A brief description of the history of the business and it's management;
  - ❑ Debt service coverage ratio; and
  - ❑ Owner/Guarantor analysis (including personal financial condition).
- For loans > \$350,000, see [SOP 50 10 5\(H\), Pages 1159-161](#) for complete Lender Credit Memo requirements which include the above, and:
  - ❑ A 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;
  - ❑ 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 of buyer's qualifications;
  - ❑ Discussion of any liens, judgments or bankruptcy filings; and
  - ❑ Discussion of any other relevant information.

# Business Debt Schedule

- Required for all existing businesses that reflect long term debt on their most current balance sheet.
- Debt Schedule should match closely the long term debts reflected on the current balance sheet and should include the following information;
  - Lender, Loan #, Origination Date, Original Balance, Interest Rate, Maturity Date, Current Balance, Monthly Payment and Collateral which currently secures the debt.
- A separate Debt Schedule should be provided for all;
  - Co-Borrowers
  - Affiliates
  - And an EPC where applicable

# Tab 3

## Draft Authorization

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- ❑ 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.

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- Personal Financial Statement (SBA Form 413)\*
- 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)

- The “as of date” must be filled in on the first page or where indicated
- 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 whether the spouse is guarantor or not*).

\* Not required for Small Loans.

# SBA Form 912

## (Personal History Statement)

- Required **only** if question **1**, **2**, or **3** on the Borrower Application (Form 1919) is answered “Yes” (see SOP 50 10 5(H), page 195). \*Must be dated within 90 days of submission to SBA.
- ❑ 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.

(see SOP 50 10 5(H), pages 101-102)

## Tab 5

# Other Processing Documents

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- Business Valuation -

See SOP 50 10 5(H), Pages 172-173 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(H), Page 114).

- All other documents not listed elsewhere

# Business Valuation

(see the SOP 50 10 5(H), pgs. 172-173 for detailed information)

- 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).

# Debt Refinancing

- For all Debt Refinancing:
  - a copy of **all notes** to be refinanced
    - For Same Institution Debt “SID” payment transcripts for the most recent past 36 months are required along with an written explanation for any late payments and late charges that are reflected. (see [SOP 50 10 5\(H\), page 114](#))
  - **Leases** – copy of original lease
  - **Credit Card** – Lender must indicate in their credit memo that they have properly documented their credit file per the requirements as outlined in the [SOP 50 10 5\(H\), page 112](#).

# List of All M&E Being Purchased \*

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

\* Not required for Small Loans.

# Other Processing Documents

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

# Tab 6

## Business Financials

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- ❑ Current Income Statement & Balance Sheet no older than 180 days.
- ❑ FYE Income Statements & Balance Sheets or complete copies of Federal Income Tax returns for the most recent past 3 years.
- ❑ 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 (see SOP 50 10 5 (F), Page 199)

# Current Year-to-Date (Business) \* Income Statement & Balance Sheet

- Must be the same date and must be no older than 180 days of submission date to SBA.
- Must include reconciliation of Net Worth.
- Debts on Balance sheet should reconcile to debt schedule.
- Seller financial information must be signed by the Seller.

\* Not required for Small Loans.

# Most recent last 3 year end Financial Information \*

- **Financial Statements** – must be complete and accurate containing a Balance Sheet and Income & Expense Statement. (Year-to-Year net worth should be reconciled.)

OR

- **Federal Tax Returns** – Complete copies, including all schedules, of the most currently filed returns

\*Note that Seller financial information **must be signed** by the Seller

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

# Cash Flow Projections \*

(month by month, for one year)

- Required for all new businesses, changes of ownership or where repayment is based upon projections.
- Should be month-by-month including major line item expenses.

\* Not required for Small Loans.

# IRS Form 4506-T

(Request for Copy of Tax Return)

- SBA does not require a copy of the 4506-T. However, your Credit Memo **must** include a statement that you have verified the financial information used in your credit analysis and have reconciled any differences.

\*You must provide the above certification in your credit memo. Copies of the actual tax transcripts are not required and do not fulfill this requirement.

# **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. (see SOP 50 10 5(F), Page 199)

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

# Tab 7

## Affiliate Financials \*

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- Current Income Statement & Balance Sheet
- FYE Balance Sheet & Income Statements or complete Federal Income Tax Returns for most recent past 3 years.

(See SOP 50 10 5(H), page 196)

\* Not required for Small Loans.

# Most recent last 3 year end \* Affiliate Financial Information

- Must be the same date and must be no older than 180 days of submission date to SBA.
- Must include reconciliation of Net Worth.
- Debts on Balance sheet should reconcile to debt schedule

\* Not required for Small Loans.

# Fiscal Year-End (Affiliate) \*

- **Financial Statements** – must be complete and accurate containing a Balance Sheet and Income & Expense Statement. (Year-to-Year net worth should be reconciled.)

OR

- **Federal Tax Returns** – Complete copies, including all schedules, of the most currently filed returns

\* Not required for Small Loans.

## Tab 8

# Supporting Docs (Eligibility)

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- Franchise, Dealership & Licensee Agreements  
Business/Stock/Asset Purchase Agreements
- Real Estate Purchase Agreements
- Other Agreements

# Franchise Documents

- Required when the applicant is a Franchise, Dealership or Licensee.  
(see SOP 50 10 5(H), Pages 83-87)
  - ❑ If listed on the SBA Franchise Registry at [www.franchiseregistry.com](http://www.franchiseregistry.com):
    - ❑ An executed *Certification of Franchise* documents  
or (if not listed or a Certification is not available on the Registry)
    - ❑ A complete copy of the Franchise, Dealership or Licensee Agreement, including any required addendums, & FTC Disclosure Report. \*Required only when certification is not available on the franchise registry.
- The following may also be required:
  - ❑ Fuel Supply Agreement

# **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 only for OREO properties. Appraisal must be prepared by a third party.**
- OREO transactions where a liquidation value appraisal must accompany the original application package, or those cases where the valuation is less than 90% of that anticipated in the Authorization. In the latter case, the proper avenue to address the discrepancy is a loan mod request via [7aLoanMod@sba.gov](mailto:7aLoanMod@sba.gov). See the [SOP 50 10 5\(H\), page 110](#) for the requirements for transactions involving OREO properties.
- **All other appraisals** should be reviewed by the Lender for compliance with the requirements of the SOP and retained in your Loan file.

# Environmental Investigation Reports

- Required when a security interest is taken in commercial real property. (see SOP 50 10 5(H), pages 175-181)

# 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.