

# SBA LOAN CHECKLIST

Whether you're looking to expand your business, purchase equipment, invest in real estate, or refinance existing debt, a [US Small Business Administration \(SBA\) loan](#) can provide the funding you need. SBA loans offer flexible terms, lower down payments, and competitive interest rates, making them an attractive option for small businesses that may not qualify for traditional financing. This checklist will guide you through each step of the process.

## ✓ **Determine your need for a loan**

- Define the purpose of the loan
- Explore internal funding options
- Calculate the amount needed
- Assess potential return on investment
- Consider alternative financing sources

## ✓ **Research SBA loan options**

- Understand 7(a) Loans
- Explore 504 Loans for real estate and equipment
- Consider Microloans for small funding needs
- Review Disaster Loan eligibility for emergencies
- Determine if urgency affects your loan choice

## ✓ **Assess your business readiness**

- Evaluate the state of your business
- Check your credit rating
- Review existing debts and liabilities
- Update your business plan
- Make sure you have a clear management structure

## ✓ **Prepare required documentation**

- Gather financial records (tax returns, statements)
- Prepare an overview and history of your business
- Document your personal background and resume
- Provide details on your contribution to the business
- Compile legal documents (licenses, contracts, leases)

## ✓ **Create a strong financial profile**

- Develop a cash flow forecast
- Prepare a personal financial statement (SBA Form 413)
- Demonstrate consistent revenue and profitability
- Outline collateral available for the loan
- Make sure your financial projections are accurate

## ✓ **Complete SBA forms and final review**

- Fill out the Borrower Information Form (SBA Form 1919)
- Write a clear and compelling statement of intent
- Verify all documentation for completeness
- Double-check compliance with SBA requirements
- Consult a financial advisor or SBA representative

## Small business administration (SBA) loans

### Borrowing for Growth

A Small Business Administration (SBA) loan may be the best solution for your business if your growth plans include expanding, acquiring or starting a business, purchasing an existing business, acquiring or renovating commercial real estate, or financing equipment, inventory or working capital.

## Document links

- › [Small business specialists](#)
- › [Cash flow](#)
- › [Loan calculator](#)
- › [Market conditions and competition](#)
- › [7\(a\) loan](#)
- › [504 loans](#)
- › [Microloans](#)
- › [SBA Disaster Loans](#)
- › [SBA Express](#)
- › [Business plan](#)
- › [Equifax](#)
- › [Business debt schedule](#)
- › [Financial position](#)
- › [SBA Form 413](#)
- › [Revenue](#)
- › [Borrower Information Form \(SBA Form 1919\)](#)

# SBA loan checklist

## Determine your need for a loan

### Define the purpose of the loan

Before applying for an SBA loan, clearly identify why you need the funds and how they will benefit your business. You could be expanding operations, purchasing new equipment, investing in real estate, or covering working capital. Consider whether taking on debt is the best solution or if alternative funding sources such as selling unused assets, negotiating better supplier terms, or reducing expenses could meet your needs.

Even though SBA loans offer favorable terms, borrowing should always be a well-thought-out decision. Talk to one of our [small business specialists](#) to explore all available options.

### Explore internal funding options

Look for ways to generate capital within your business before taking on debt. Free up cash by optimizing inventory, renegotiating supplier contracts, or outsourcing non-core functions. Selling underutilized assets or consolidating locations could also improve financial flexibility.

Another option is raising equity funding from angel investors, venture capitalists, or crowdfunding. While this requires giving up partial ownership, it provides capital without loan repayments.

### Calculate the amount needed

Outline the specific costs a loan would cover, including equipment, operations, or property acquisition. Factor in additional expenses like fees, permits, or potential delays to avoid borrowing too little.

Consider repayment capacity by reviewing [cash flow](#) and projected revenue. Borrowing too much can strain finances, while borrowing too little may leave you short on working capital. Use our [loan calculator](#) before you apply.

### Assess potential return on investment

Debt should contribute to long-term growth, not just cover short-term expenses. Determine if the loan will help increase revenue, expand market share, or improve efficiency. If it won't generate sufficient returns, reconsider borrowing.

Evaluate risks such as [market conditions and competition](#). Running financial scenarios, i.e. best case, worst case, and most likely, can help determine if the loan is a smart investment or a financial burden.

### Consider alternative financing sources

Explore funding options beyond SBA loans, such as grants, business lines of credit, or industry-specific programs. Crowdfunding and peer-to-peer lending can also provide capital with fewer long-term obligations.

Equity financing is another option, trading ownership for investment. While this dilutes control, it eliminates loan repayments. Weigh each option carefully to find the best fit for your business.

## Research SBA loan options

### Understand 7(a) Loans

The [7\(a\) loan](#) is the most common SBA option, offering flexible financing for small businesses. It can help with expansion, cash flow management, and asset purchases. Compared to traditional loans, 7(a) loans often have lower down payments and longer repayment terms.

Funds can be used for real estate purchases, refinancing debt, working capital, equipment, or essential business supplies. This makes 7(a) loans a practical choice for businesses needing broad financial support.

### Explore 504 Loans for real estate and equipment

[504 loans](#), or Certified Development Company (CDC) loans, help businesses finance major fixed assets like real estate and equipment. These loans are for owner-occupied properties and infrastructure, with a maximum of \$5.5 million and long repayment terms.

Funds can be used to buy land, construct buildings, purchase machinery, or upgrade facilities. Fixed interest rates make them ideal for businesses making significant long-term investments.

### Consider Microloans for small funding needs

[Microloans](#) provide up to \$50,000 for startups and small businesses needing modest capital. These short-term loans can help with inventory, supplies, marketing, or minor equipment upgrades. With repayment terms of up to six years, they offer manageable financing.

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They're well-suited for home-based businesses, freelancers, and independent contractors. Many lenders also provide business training and mentorship to help borrowers succeed.

## Review Disaster Loan eligibility for emergencies

[SBA Disaster Loans](#) help businesses recover from physical damage and economic hardship caused by disasters. They provide financial support to rebuild, repair, and sustain operations.

The SBA also offers Military Reservist Loans for businesses impacted when key employees are called to active duty. If your business faces disruptions, these loans can help maintain stability.

## Determine if urgency affects your loan choice

If you need immediate funding for emergencies or unexpected expenses, options like [SBA Express](#) or Disaster Loans offer faster processing. For less urgent needs, 7(a) and 504 loans provide better terms but take longer to secure.

The SBA considers both urgency and purpose when reviewing applications. If time is critical, alternatives like business lines of credit or short-term loans may help bridge the gap.

## Assess your business readiness

### Evaluate the state of your business

Before applying for an SBA loan, assess your financial health. Lenders will review revenue, profitability, and stability. If your business is undergoing changes such as expansion, leadership shifts, or financial struggles, you may face extra scrutiny.

Consider whether you'd qualify for a traditional loan. If not, an SBA loan may be a better option, but you'll need a strong [business plan](#) and repayment strategy. Addressing financial weaknesses before applying can improve your chances of approval.

## Check your credit rating

This is a key factor in securing an SBA loan, especially if this is your first time applying. Lenders will review your personal and business credit history to assess risk and determine loan terms. Checking your credit report in advance allows you to identify and address any issues before submitting your application.

Start by reviewing your credit score with agencies like [Equifax](#). If your score is lower than expected, think about how to improve it, such as paying down outstanding debt or correcting any errors on your report. A strong credit history can help you secure better loan terms and a smoother approval process.

## Review existing debts and liabilities

Lenders assess your current debts to determine if you can handle additional financing. Having a detailed breakdown of outstanding loans, interest rates, and payment schedules will help you present a clear financial picture. Use our [business debt schedule](#) to list all of your business related debt.

If possible, consolidate or pay down high-interest debt to improve your standing. Demonstrating strong financial management reassures lenders that your business can handle loan repayment.

## Update your business plan

A well-structured [business plan](#) strengthens your loan application. It should outline your operations, funding needs, and financial projections, providing a clear strategy for growth.

Include details on your target market, competition, and leadership team. A strong plan demonstrates your long-term vision and ability to manage the loan effectively.

## Make sure you have a clear management structure

Lenders want to see a capable leadership team with the expertise to guide the business. Clearly define key roles, responsibilities, and decision-making processes to showcase your company's stability.

Create an organizational chart and highlight leadership experience. A well-structured team reassures lenders that your business is well-managed and positioned for success.

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## Prepare required documentation

### Gather financial records (tax returns, statements)

Be prepared to provide income tax returns and financial statements from the past three years. These documents give lenders insight into your business's profitability, cash flow, and overall financial stability.

Organize balance sheets, profit and loss statements, and bank statements. If there are any inconsistencies or financial challenges, be ready to explain them. Having well-prepared records demonstrates transparency and increases your chances of a smooth loan approval process.

### Prepare an overview and history of your business

Lenders want to understand the story behind your business. Prepare a concise yet comprehensive overview covering key milestones, challenges overcome, and achievements. Highlight what sets your business apart and how it contributes to the market.

Be ready to answer specific questions about your business model, industry experience, and long-term goals. Having a well-documented history not only streamlines the application process but also reinforces your credibility.

### Document your personal background and resume

Lenders want to understand your professional history to assess your ability to manage and grow a business. Be transparent about your background, including your education, work experience, and any entrepreneurial ventures. Your resume should highlight relevant skills, leadership experience, and industry expertise that demonstrate your ability to run a successful business.

Provide a detailed record of your residential addresses for at least the past two years, as well as your employment history, both as a business owner and as an employee. If you're launching a new business, emphasize any experience that proves you have the knowledge and skills to succeed.

## Provide details on your contribution to the business

The SBA will want to see that you have a financial stake in your business before approving a loan. Clearly outline how much capital you've personally invested, whether through cash, equipment, or other assets. Demonstrating your commitment reassures lenders that you have a vested interest in the business's success and are not solely reliant on borrowed funds.

Additionally, provide a breakdown of your [financial position](#), including assets, liabilities, income, and living expenses. Lenders will assess your ability to make loan repayments, so transparency about your financial health, business experience, and management skills can strengthen your application.

### Compile legal documents (licenses, contracts, leases)

These may include business licenses, permits, and registrations that verify your business is legally established and compliant with local, state, and federal regulations. If your business operates under specific industry guidelines, make sure you have the appropriate certifications available.

Additionally, include copies of any contracts with suppliers, clients, or service providers, as well as commercial lease agreements if you rent office, retail, or warehouse space. Lenders want to see that your business has established relationships and stable operating conditions, which can strengthen your application.

## Create a strong financial profile

### Develop a cash flow forecast

Create a [cash flow forecast](#) covering expected income and expenses for the next three years. Lenders use this to assess your ability to repay the loan while managing operational costs. Base projections on past performance and market trends, accounting for seasonal fluctuations.

Include monthly cash inflows, fixed and variable costs, and any anticipated financial shifts. A well-prepared forecast shows financial responsibility and helps lenders gauge the stability of your business.

# SBA loan checklist

## Prepare a personal financial statement (SBA Form 413)

[SBA Form 413](#) outlines your assets, liabilities, income, and expenses, helping lenders assess your repayment ability. Gather documents like bank statements, investment records, and debt details to complete the form accurately.

Review your statement with an accountant or financial advisor before submitting it. Errors or missing details can delay approval, while a clear, well-documented financial profile strengthens your credibility.

## Demonstrate consistent revenue and profitability

Lenders want to see a stable financial track record before approving a loan. Provide financial statements that highlight steady [revenue](#), controlled expenses, and profitability over time. If your business has seasonal fluctuations, explain how you manage cash flow during slower periods.

If your business is still growing, showcase trends that indicate sustainable progress. Highlight recurring revenue streams, long-term contracts, or customer retention rates. A clear, data-backed explanation of your financial health reassures lenders of your ability to repay the loan.

## Outline collateral available for the loan

Collateral secures the loan and can affect approval and terms. List business or personal assets you can pledge, such as real estate, equipment, inventory, or accounts receivable. Have ownership records, appraisals, or insurance documents ready.

Know your assets' value and how they align with your loan request. Some loans require specific collateral, so reviewing SBA guidelines in advance helps you prepare. Strong collateral reduces lender risk and may lead to better loan terms.

## Make sure your financial projections are accurate

Lenders rely on financial projections to gauge the viability of your business and its ability to repay the loan. Prepare detailed revenue, expense, and cash flow forecasts based on realistic growth assumptions. Use historical data where possible and clearly outline the factors driving your projections.

Accuracy is key. Overly optimistic figures can raise red flags, while conservative estimates backed by solid reasoning instill confidence. Have an accountant review your projections before submission to confirm they align with industry benchmarks and reflect a well-thought-out business strategy.

## Complete SBA forms and final review

### Fill out the Borrower Information Form (SBA Form 1919)

The [Borrower Information Form \(SBA Form 1919\)](#) is a required document for all applicants seeking a 7(a) loan. This form collects key details about you as the business owner, your company, and the loan request. It helps the SBA and its lenders assess your eligibility, including factors such as ownership structure, existing debts, and the purpose of the loan. Completing this form accurately and thoroughly is essential, as any missing or incorrect information could delay the application process.

In addition to business details, Form 1919 includes background questions related to past government financing, any legal issues, and financial obligations. The SBA uses this information to conduct background checks and verify your suitability for funding. If multiple owners hold at least 20% equity in the business, they must each complete a separate form. Before submitting, double-check all responses for accuracy, and consult with your lender if you need clarification on any section.

### Write a clear and compelling statement of intent

Your statement of intent should clearly outline why you're applying for the loan, how the funds will be used, and the expected impact on your business. Keep it concise but persuasive, demonstrating a well-thought-out plan that aligns with your business goals. This document helps lenders understand your vision and commitment to using the loan responsibly.

### Verify all documentation for completeness

Before submitting your application, review all forms, financial statements, and supporting documents to confirm they are complete and accurate. Missing or incorrect information can cause delays or rejection. Double-check that all required paperwork is included and that figures are consistent across documents.

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## Double-check compliance with SBA requirements

SBA loans have specific eligibility criteria, documentation requirements, and financial benchmarks. Carefully review the SBA guidelines to confirm that your business and loan request meet the necessary standards. If anything is unclear, consult SBA resources or speak with a lender to clarify any concerns.

## Consult a financial advisor or SBA representative

Speaking with a financial advisor or an SBA representative can help refine your loan application and improve your chances of approval. They can review your financials, assess your repayment strategy, and identify any potential red flags before submission. Their guidance will help make sure your application is as strong as possible.

Contact our [small business team](#) today to make your business growth a reality with a SBA loan.

## Notes

### Note

This is a guide only and should neither replace competent advice, nor be taken or relied upon as financial or professional advice. Seek professional advice before making any decision that could affect your business.