

# The 27-Point SBA Loan Approval Checklist

*What lenders actually evaluate before approving your loan*

## How to Use This Checklist

Review each item before approaching a lender. Items you can't check off represent gaps in your application that could delay or kill your deal.

## Section 1: Personal Qualifications

### CREDIT & FINANCIAL HISTORY

- Personal credit score** meets minimum threshold (typically 680+, varies by lender)
- No recent bankruptcies** within the past 3-7 years
- No outstanding tax liens** or judgments against you
- Personal financial statement** prepared and current

### EXPERIENCE & BACKGROUND

- Industry experience** relevant to the business you're buying/starting
- Management experience** demonstrating ability to run operations
- Background check ready** — no disqualifying criminal history
- Resume prepared** highlighting relevant qualifications

## Section 2: Business Financials

### HISTORICAL PERFORMANCE (EXISTING BUSINESSES)

---

- 3 years of tax returns** available for the business
- Profit & Loss statements** for current year-to-date
- Balance sheet** current as of recent month-end
- Accounts receivable/payable aging** reports available

### CASH FLOW ANALYSIS

---

- Debt Service Coverage Ratio (DSCR)** meets lender minimum (typically 1.15-1.25x)
- Cash flow projections** prepared for loan term
- Add-backs identified** and documented with evidence
- Working capital** sufficient for operations post-closing

## Section 3: Equity & Collateral

### EQUITY INJECTION

---

- Minimum equity injection** available (typically 10-20% of total project)
- Source of funds documented** — no borrowed funds for injection
- Funds verified** as seasoned (in account 60-90 days)

### COLLATERAL

---

- Business assets** identified and valued
- Real estate** (if applicable) appraised
- Personal guaranty** understood and acceptable
- Collateral shortfall** assessed against SBA limits

## Section 4: Deal Structure

### PURCHASE/PROJECT DETAILS

---

- Purchase price** supportable by valuation methods
- Use of funds** clearly defined and SBA-eligible
- Seller note** (if any) on appropriate standby terms
- Lease terms** acceptable (length, renewal options, landlord requirements)

### LEGAL & COMPLIANCE

---

- Business entity** properly structured
- Licenses and permits** current or obtainable
- No ineligible business activities** per SBA rules
- Franchise** (if applicable) on SBA Franchise Directory

### What This Checklist Doesn't Tell You

This checklist shows you **what** lenders evaluate. It doesn't tell you:

- How to calculate DSCR for your specific industry
- What actually counts as "add-backs" and how to document them
- How to structure equity injection if you're short
- What to do if you fail any of these criteria
- How lenders really evaluate borderline cases
- Industry-specific requirements and exceptions

## Get the Complete Implementation Guide

For step-by-step guidance on addressing each item — including real case studies with actual numbers, lender insider perspectives, and strategies for handling weaknesses:

*The Restaurant Owner's Guide to SBA Lending*

*The Hotel Owner's Guide to SBA Lending*

*The Franchise Owner's Guide to SBA Lending*

[fundedseries.com/books](https://fundedseries.com/books)

---

FUNDED Series by Hartwell Labs

[fundedseries.com](https://fundedseries.com)