

Loan Checklist

It is essential that the decision to apply for a loan is based on a certain business objective. Consult business development specialists, financial advisors, accountants and others to make sure that the amount of the loan and the type of the loan will be the right ones to meet the business objective. Look for the best deal available. It is important to establish and maintain the “banking relationship” with both private and public sector lenders. Lenders are more favorable to extend credit to businesses that are well known in the local business community. Do the research on small business lending process and different loan programs.

The following are typical items for any small business loan application:

- **Loan application form**—Forms vary by lender but they all require similar information, including how the loan proceeds will be used (list the assets to be purchased and suppliers).
- **Personal credit report**—Lenders will obtain borrowers’ credit reports, but it is highly recommended to order one’s own credit report from all three major consumer credit rating agencies *before* submitting the loan request to the lender. If there is inaccurate information on the report, work with creditors and credit reporting agencies to correct the information. If there are derogatory entries on the credit report that are accurate, submit a formal letter with your loan application explaining the blemishes on your credit report.
- **Business credit report** (for existing businesses)
- **Income tax returns** for three years—personal and business
- **Personal financial statement** of owners owning 20% or more of the business
- **Business financial statements** (for existing businesses)—complete financial statements for the past three years and current interim financial statements
- **Bank statements** for the last 12 months—personal and business
- **Accounts receivable and payable aging** breaking A/R and A/P into 30, 60, 90 and past 90-day old categories (the same date as interim financial statement)
- **Collateral**—A description (schedule) and cost/value of personal or business property of owner(s) or co-signers to secure the loan (appraisals may be added)
- **Resumes of owners and officers**—(some lenders demand relevant managerial experience in the field for start-up businesses)
- **Business plan**, including complete set of projected (pro-forma) financial statements— income statement, balance sheet and cash flow statement for at least 3 years; first year must be presented on a monthly basis

- **SBA documentation**—All SBA loans will require a business to submit certain SBA forms; see: www.sba.gov/library/forms.html.
- **Legal documents**—There are a variety of legal documents that may be requested by the lender; some of the typical examples are as follows: articles of incorporation, lease agreement, contracts, franchise agreement, employment contracts, etc.
- **Miscellaneous information**—The borrower may be asked to submit additional information that lender deems appropriate, for example, list of trade creditors, letters of reference, description of the economic impact (e.g., job creation) from the requested loan, etc.

Appearance and presentation of documents

All documents in the loan package must be presented in a neat and orderly fashion. Information must be accurate and complete; forms must be filled out legibly, preferably computer-generated.

Business plan style and formatting must be according to generally accepted standards. It has to be checked and edited for accuracy and consistency—it should convey quality. The contact information (address, phone, e-mail) must be included on the cover page of the business plan.

Under no circumstances make misrepresentations on loan application documents. The lender can easily verify all information.

If some documents are submitted through e-mail or fax, make sure it is received by the lender and send hard copies or originals through postal service.