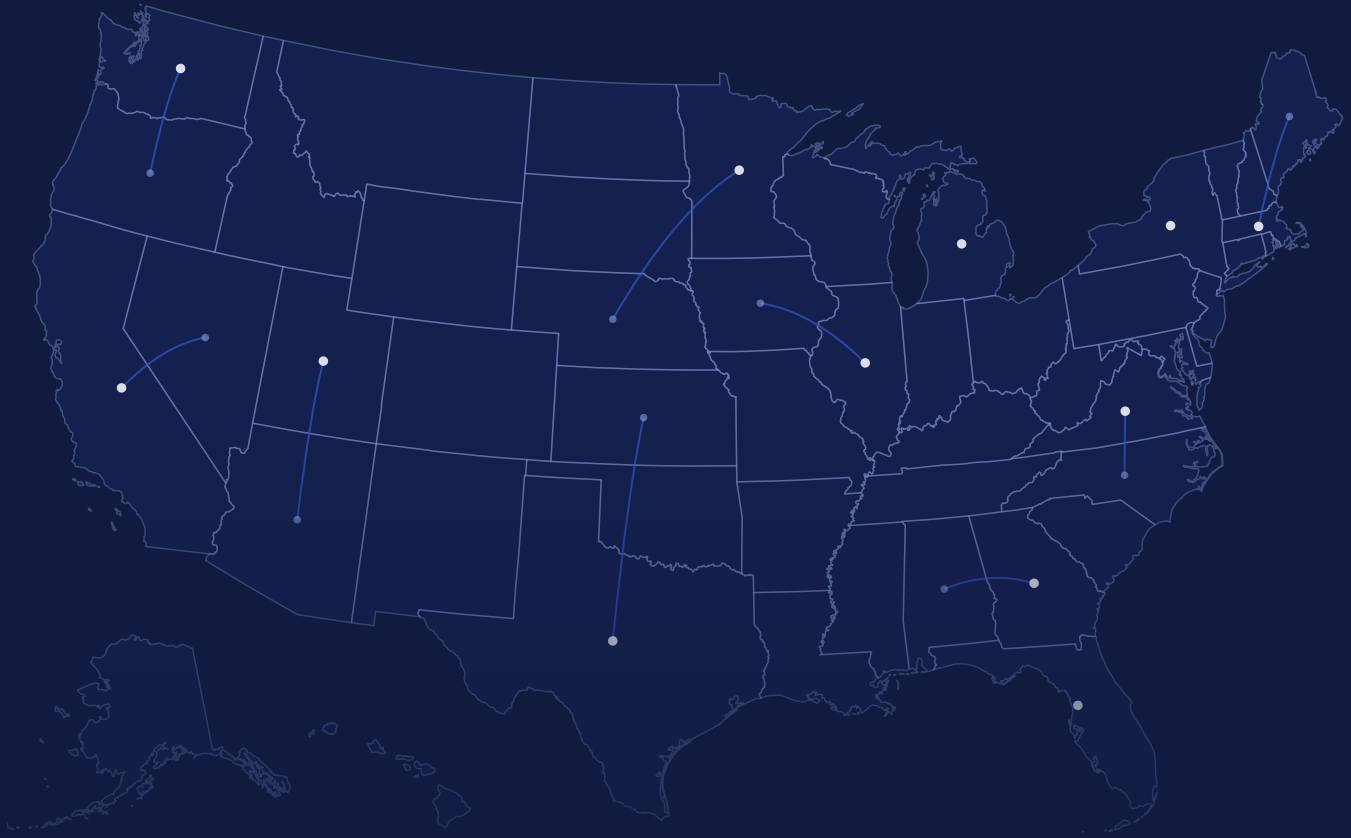




SBA FINANCING

The SBA Loan Application Checklist

What lenders look for, and the document packet to have ready before you apply.

SBA loans offer some of the best terms in small business lending: rates the SBA caps, terms up to 25 years for real estate, and up to \$5 million through 7(a) or \$5.5 million through 504. They're also among the hardest to qualify for, so it pays to know where your file stands before you apply.

Here is what lenders look for, the four numbers underwriters run, and the documents to have ready before you apply.

PART 1

The three SBA programs

Pick the lane before you apply. Most businesses start with 7(a) for flexibility or Express for speed.

PROGRAM	MAX AMOUNT	BEST FOR	APPROVAL
SBA 7(a)	\$5M	Working capital, equipment, real estate. The most flexible.	60 to 90 days
SBA 504	\$5.5M	Commercial real estate and heavy equipment, at the lowest rates.	60 to 90 days
SBA Express	\$500K	Speed, and amounts under \$500K. Streamlined documents.	21 to 30 days

PART 2

Do you qualify?

1

Credit and a clean record

Every owner with 20% or more gets checked. The SBA sets no minimum personal credit score (small 7(a) loans do use a minimum business credit score), but many SBA lenders look for 640 to 680 or higher. Lenders also want a clean history.

YOU PASS WHEN

your personal credit score meets your lender's bar (often 640 to 680+), no recent bankruptcy (many lenders look for 3 years or more), and no outstanding federal debt, tax liens, or delinquent child support.

2

Time in business and revenue

Most SBA lenders want two years in business with consistent revenue, though some flex to 12 to 18 months on specific products. The SBA itself also lends to startups and franchises, usually with a larger down payment.

YOU PASS WHEN

you have two or more years in business with consistent, documented revenue, or, as a startup, the equity injection and a lender that takes startups.

3 Debt service (DSCR)

This is the number that stops the most SBA applications. DSCR is your net operating income divided by your total debt payments. SBA's own minimum is 1.15x, and many lenders look for 1.25x or more.

YOU PASS WHEN

your DSCR is at least 1.15x, SBA's minimum, and ideally 1.25x or more, which many lenders expect. 1.35x and up puts you in a stronger position.

4 Equity injection and the personal guarantee

Plan on putting money in. The SBA requires at least a 10% equity injection for a startup or a complete change of ownership (partial changes and some partner buyouts can qualify with less), and lenders often ask for 10 to 20% on other loans, from your own funds rather than borrowed. And every owner with 20%+ signs an unlimited personal guarantee: your home, vehicles, and accounts can be pursued if the business defaults.

YOU PASS WHEN

you have the equity injection your loan needs (at least 10% for a startup or a complete change of ownership), you can show where it came from, and you are prepared to sign a personal guarantee. Many lenders want your own cash; borrowed funds count only if you repay them from outside the business.

PART 3

The four numbers underwriters run

Calculate your DSCR before anything else. For SBA, it's often the deciding number.

THE NUMBER	MINIMUM	PREFERRED	IF YOU MISS IT
Debt service coverage (DSCR)	1.15x (SBA)	1.25 to 1.50x+	Near-automatic denial
Debt-to-worth total liabilities divided by owner equity	4:1 max	3:1 or better	Reads as over-leveraged
Current ratio current assets divided by current liabilities	1.0	1.5+	Signals liquidity trouble
Working capital current assets minus current liabilities	Positive	3 to 6 mo expenses	Raises viability concerns

PART 4

Your document packet

Have these ready before you apply. A complete package up front helps the review move faster.

PERSONAL · EVERY 20%+ OWNER

- SBA Form 413 (Personal Financial Statement)
- 3 years of personal tax returns
- Government-issued photo ID
- A short resume or business background
- Signed credit report authorization

BUSINESS

- 3 years of business tax returns
- Year-to-date P&L and a current balance sheet
- Complete business debt schedule
- 6 to 12 months of business bank statements
- Formation docs, licenses, and lease

IF BUYING PROPERTY OR A BUSINESS

- Executed purchase agreement or letter of intent
- Professional appraisal or business valuation
- Proof of your down-payment funds
- For real estate: Phase I environmental report and title commitment

PART 5

The timeline, so you start early

Plan for 13 to 15 weeks on a standard 7(a), longer with real estate. Start 120 to 150 days before you need the capital.

- 1 Weeks 1 to 2, Preparation:** gather every personal and business document, finish the business plan, pull current financials.
- 2 Weeks 3 to 4, Submission:** submit the complete package and respond to any document request the same day.
- 3 Weeks 5 to 8, Underwriting:** credit analysis, collateral appraisals, a site visit, and the financial-ratio review.
- 4 Weeks 9 to 12, SBA review:** the lender submits to the SBA for the guarantee, which returns with conditions to clear.
- 5 Weeks 13 to 15, Closing:** clear conditions, sign, and funds disburse. SBA Express runs 21 to 30 days instead.

PART 6

Why SBA loans get denied

Almost all of it is preventable if you check it before you apply, not after.

Denials cluster in a handful of places: a DSCR below what the lender needs (SBA's floor is 1.15x, and many lenders want 1.25x), credit below your lender's bar (often 640 to 680+) or recent late payments and collections, an equity injection that is too thin or can't be sourced, a weak or unrealistic business plan, incomplete or inconsistent documents, and prohibited uses of the money (investment real estate, passive investments, or anything speculative). For real estate, the property must be at least 51% owner-occupied. Fix these before you apply, so each application counts.

The owners who get SBA approved aren't always the ones with the biggest businesses. They're the ones who come in with a strong DSCR, a complete packet and a documented down payment. Get those three right before you apply.

Do you know your DSCR right now?

Want help getting SBA-ready?

uCurrent Capital Advisory reads your whole file the way a lender will, shows you which capital fits and what comes first, then works each application with you.

[See what fits](#)

funding.ucurrent.io/#start

Starting doesn't guarantee funding. Lenders make every approval decision.



For educational purposes only. Not financial or legal advice. SBA eligibility, terms, and approval vary by lender and profile. No specific outcome is guaranteed.

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