SMALL BUSINESS LOANS are available from many different lenders, with choices tailored to the financial situation of your business. By anticipating what lenders will review and require, you greatly increase your chances of obtaining a beneficial small business loan.

Applying for any loan can be confusing and frustrating. This list can help you think things through ahead of time and gathering the information about your business can speed up the process. It can be helpful to gather what you can but not worry about what you can’t. Make an appointment with a Small Business Development Center near you. Show them what you have and get their feedback before going to a lender.

Gather detailed information for your Small Business Loan Application:

- Name of business include any DBA
- Federal tax ID
- Legal structure, LLC, S Corp, etc. – incorporation documents
- Business licenses
- Owners, executive officers, and their background, affiliated ownership
- Insurance policies – general liability, key man, property, workers’ comp
- Copy of credit report – each owner with 20% or more ownership
- Bank statements
- Payroll records
- Commercial leases
- Real estate holdings
FINANCIAL STATEMENTS

- Cash flow analysis – Spreadsheet showing how money comes in and goes out of your business
- Profit and loss statements – A track of your revenue and expenses
- Projected profit and loss – forecast your revenue and expenses for at least 12 months
- Income statement – Revenues, Expenses, and Profit
- Balance sheet – show the balances of assets, liabilities and owner’s equity
- Tax Returns – Personal and Business past 2-3 years

CURRENT BUSINESS PLAN INCLUDING:

- Executive Summary / Overview
- Company background – include Management and Ownership
- What is unique about the company
- How big can the company get
- Market and Competition
- Customers and Suppliers
- Production and Operations
- Government Regulations
- Historical and Pro Forma Financial Data
- Strategic Planning
**Review Your Online Profile**

- Review your company’s website - professional and up to date?
- Review company presence on Facebook, LinkedIn, Twitter, and other social media sites
- Review any reviews your company may have received
- Review all owners / key managers postings on all social media

Be prepared to specify how much you want to borrow and the use of the loan.

How much you need may be different than how much you want. Do some number crunching to determine how much you need to borrow to accomplish your needs.

Determine how fast you need the loan. Some types may be obtained in a few hours or days, online lending options. Bank loans, including SBA Guaranteed Loans, may take a month or more.

Be informed, get educated on the small business lending process

Review and analyze the terms of the proposed business loan.

Be prepared to pitch to your company to a banker / lender by anticipating questions the lender may have.
SOME OF THE MOST COMMON QUESTIONS:

- What does your company do?
- What is unique about the company?
- How big is the market opportunity?
- How big can the company get?
- How did you arrive at your projections?
- Who are the founders and key team members?
- What experience does the team have?
- What are the key features of your product or service?
- Who are your company competitors?
- What gives your company a competitive advantage?
- How does your company market its product / service?
- What advertising will you be doing?
- What is the principal risk to the business?
- What are the factors that may limit future growth?
- What are your credit scores?

The big question you need to ask yourself – “Am I ready to apply”?

Businesses often fail to qualify because they fail to complete the application process. Gathering all the information you need ahead of time will save you time and, quite often, money.

By anticipating what lenders will review and require, you will increase chances of obtaining a beneficial small business loan.
UNDERSTANDING
Common reasons business loans are denied help you go in strong and increase your chances of getting a YES.

- Credit history – Your business has a credit score using the business’ EIN (employer identification number), lenders will use your business financials and credit score to determinability to pay the loan off. If your business is new with not much established credit, the lenders will use both business and personal.

- Inconsistent or low cash flow – The lenders are concerned with how the loan will be repaid. Ups and downs inconsistent flow may cause the business to fail, need to be in business to repay the loan.

- Income to debt ratio – Remember the lender want to know how you are going to repay the loan. Debt strains your budget; the lenders want to know if you / business can handle existing loan and new loan.

- Not much in the way of collateral – Either not enough or what the lender wants, the collateral gives the lender something if the loan is not repaid.

- Not long in business – Not all lenders use the same timeline for your business, if one says no to new business try another that may have different requirements. Remember the lenders needs to know they will get their money back.

- Not enough experience – Experience means you are aware of potential problems, know what to expect, and are able to correct.

- Concerns about management team – An experienced strong management team will help your business run well.
THE LENDER
Needs to know the team will make good decisions. A better chance to be around to repay the loan.

- Customer concerns – A larger and diverse customer base keeps the risk down
- Poor preparation – Be informed, get educated on the loan process. Be prepared to pitch your business to a lender.
- Small loan request or large loan request – You can go too far either way. If the lender believes you cannot repay the big loan, will not lend the money you need to grow your business. If you can afford and be able to use a larger loan, just don’t take on more than you can handle / afford. Lenders make more on the more you borrow, make sure you go through the process with a good idea of what you may need.
- Poor reason for a loan – Long term loan for adding inventory, the lender may deny.
- Incomplete paperwork – Don’t be in a hurry, you could miss an important step / piece of information. Follow every step or direction, provide all paperwork requested.
- Industry concerns – Worry-Worthy – Some lenders believe your business is risky or “Worry Worthy” they may deny your request for a loan. Look for lenders that may specialize in your type of business.