

Steps to Successful Deal Flow – AKA CLOSINGS!

Over the past decade, many banks have entered the SBA lending arena without dedicating the proper focus and resources to the process. Working with a lender with a proven track record as a producer is an imperative step to your success in financing the acquisition of a business.

It is important to know what the lender needs in order to facilitate a quick decision. Understanding the process is a great point of reference when talking with a lender. Below is a comprehensive list of items needed for the review of a loan request, along with a summary of the loan process.

Items needed to review loan request:

- Individual certification.
- Borrower certification.
- SBA Personal Financial Statement.
- 3 years of personal tax returns on principals or buyers, with supporting K1's.
- 3 years of business tax returns on business or seller.
- 3 years of business financial statements, including balance sheet, income statement, and reconciliation of net worth.
- Interim profit & loss and balance sheet including same period prior year on business or seller.
- Signed LOI/purchase agreement/Lease, if applicable.
- Resume on buyer(s).
- 3-years projections with assumptions and a business plan (when applicable).

Summary stages of the SBA loan process:

- Prequalification of subject business and guarantor(s).
- Formal underwriting begins after an expense deposit and signed discussion letter (prequalification) are received.
- Approval and proposal letter issued (formal commitment).
- Closing checklist is provided once signed proposal letter and due diligence deposit are received.
- Once all closing checklist items have been received, reviewed, and approved, loan closing date is scheduled.

Working with the correct lender is the #1 step to your SUCCESS!

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