ECHELON BANK
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# YOUR SBA 7(A) LOAN CHECKLIST

## WHAT YOU NEED TO KNOW WHEN APPLYING

Interested in applying for a Small Business Administration (SBA) 7(a) loan? To help you work through the SBA process, we need to collect some important information. Here we broke down the process in four simple phases.

## THE FOUR PHASES OF AN SBA 7(A) LOAN

### PHASE 1
### TERM SHEET APPROVAL

This information will help us evaluate your eligibility, structure of your loan, and your ability to repay the loan. Please use the following checklist as your guide as you submit all applicable documents to us. We will also visit your business operations to tour the facility and take pictures of the location and significant pieces of collateral.

- [ ] Initial Information Package

**Personal Financial Information**

- [ ] Personal tax returns (3 years)
- [ ] Verification of liquidity (current bank statement(s)

**Business Financial Information**

- [ ] Business tax returns (3 years)
- [ ] Verification of liquidity (current bank statement(s)
- [ ] Interim Balance Sheet and P&L
- [ ] Seller Financials* (3 years of tax returns and interims)

**Additional Documents (as required for summary)**

- [ ] Business plan, if start-up or expansion
- [ ] Copy of driver's license
- [ ] Working capital breakdown
- [ ] Cash flow projections and assumptions

**Affiliates**

- [ ] Business tax returns (3 years)
- [ ] Interim balance sheet and P&L

### PHASE 2
### CREDIT APPROVAL

In this phase, the credit team reviews and analyzes your information needed for bank approval.

**Business Financial Information**

- [ ] List of specialty license(s) required to operate
- [ ] IRS Form 8821

**Additional Documents (as required for underwriting)**

- [ ] Copy of lease, draft or LOI
- [ ] Copy of note(s) being refinanced
- [ ] Most recent loan statement on same notes
- [ ] Franchise disclosure documents
- [ ] Construction bids/quotes
- [ ] Purchase contract (real estate or business acquisition)
- [ ] Quotes for any equipment to be acquired
- [ ] AR, AP aging and WIP (if applicable)

### PHASE 3
### PACKAGING FOR SBA APPROVAL

For us to provide you with a loan, your application must be approved by the Small Business Administration. During this phase, we will request some additional items as we prepare SBA forms for your signature before being submitted to SBA for approval.

**Items Typically Requested**

- [ ] Updated balance sheet, P&L, debt schedule
- [ ] Updated personal financial statement (if required)
- [ ] Proof of equity injection
- [ ] Environmental questionnaire/ Environmental report
- [ ] Purchase contract (real estate or business acquisition) – executed with date if not already submitted
- [ ] Business entity documents (articles, bylaws, operating agreement, SS-4 letter, etc.)
- [ ] SBA borrower information (Form 1919)

**Due Diligence**

- [ ] Appraisal
- [ ] Equipment appraisal
- [ ] Business valuation (required for business acquisition and must be submitted with SBA Package)

*All financial statements, tax returns, and other financial disclosures must be signed and dated.

## PHASE 4 CLOSING

We engage our approved SBA closing attorney, who will provide a checklist of items needed.

### Items Typically Requested

- [ ] Life insurance—Must be in force and assignment acknowledged by home office of life insurance company. Need copy of actual policy.
- [ ] Personal property hazard Insurance—must contain a Lender's Loss Payable Clause with endorsement.
- [ ] Real estate hazard insurance—must contain proper endorsement.
- [ ] Worker's compensation (if required by state)
- [ ] General liability insurance
- [ ] Other insurances such as flood (as required)
- [ ] Survey
- [ ] Owner's title policy
- [ ] Business license
- [ ] Executed AIA construction contract with schedule of values

## IF ANYTHING CHANGES

Always report to the bank if anything changes and we will work with you to obtain approval:

- Change of address
- Name change
- Change in collateral - disposition/ replacement of pledged collateral
- Change of ownership
- Change of guarantors
- Change/modification of loan terms
- Call your lender for assistance with any of these issues or other requested changes to your SBA loan.

## COMMON ISSUES THAT WILL SLOW DOWN YOUR LOAN

- Landlord lien waiver
- Life insurance
- Equity injection documents
- Due diligence items - appraisal and environmental
- Final purchase contract
- Final construction contract