

STEP-BY-STEP PROCEDURE FOR APPLYING FOR A LOAN

FOR NEW BUSINESS:

- Describe in detail the type of business to be established.
- Indicate personal experience and management capabilities.
- Prepare an estimate of how much the client, or others, intends to invest in the business—and how much remains to be borrowed. Thirty to fifty percent (30%- 50%) is required of unborrowed capital.
- Make a list of the collateral to be offered as security for the loan, indicating estimate of the present market value of each item.
- Take this material to the banker of account and ask the bank to consider the loan under SBA's Loan Guaranty Program. If the bank is interested in a SBA guaranty loan, they will provide the SBA application and related forms.

FOR ESTABLISHED BUSINESS:

- Prepare a current financial (balance sheet) listing all the assets and all the liabilities of the business. Balance sheet must be within 60 days.
- Provided earning (profit and loss) statement for the previous three (3) fiscal years and for the current period, same date as the balance sheet.
- Prepare a current personal financial statement (within 60 days) of the owner, or each partner or stockholder owning 20% or more of the corporate stock in the business.
- List all collateral to be offered as security for loan, with best estimate of the present market value of each item.
- State the amount of the loan requested explain the exact purposes of which it will be used.
- Take the material along on the visit to the banker. Ask the bank to consider the loan under the SBA's Loan Guaranty Program. If the bank is interested in a SBA guaranty loan, the bank will provide the application and related forms.