

# BUSINESS LOAN PREPARATION CHECKLIST



## How the guide works

Each section is organized by topic and includes a brief explanation of why that information is important from the lender's perspective.

A simple checklist highlights all action items for each section.

Applying for a business loan can feel overwhelming. This guide is designed to give you a clear, actionable checklist to help you get organized and be ready to approach lenders with confidence.

While this list is comprehensive, it's important to remember that each lender may have slightly different requirements depending on the type of loan, your industry, your credit history, and the size of your business. Some lenders may not require everything listed here, while others may ask for additional documentation.

Use this as a general framework to help you prepare.





## Business Basics

Before any lender will consider your application, they need to confirm that your business exists as a legally recognized entity. These documents provide proof of your business's formation, structure, and authority to operate. They also help the lender understand who owns and controls the company, which is especially important when assessing who will be responsible for repaying the loan.

### Documents to gather

- Legal business name, address, and contact information
- Employer Identification Number (EIN) issued by the IRS
- Business formation documents
- Business licenses or permits relevant to your industry and location
- Ownership and management structure - including list of owners with percentage ownership
- Operating agreement, partnership agreement, or bylaws (if applicable)



## Demonstrate Financial Health

Lenders want to ensure your business can manage debt responsibly and generate enough revenue to repay the loan. Financial documents help them evaluate your profitability, cash flow, and overall financial stability. If you're a newer business, some lenders may allow for alternative documentation or projections.

### Financial documents checklist

- 2-3 years of tax returns (business and/or personal)
- Year-to-date profit and loss (P&L) statement
- Balance sheet listing assets, liabilities, and net equity
- Cash flow statement
- Business bank statements (typically last 3 to 6 months)
- Accounts receivable and accounts payable aging reports
- Current business debt schedule showing all existing loans or credit lines



## Formal Business Plan

Lenders, especially those evaluating startups or businesses requesting loans for expansion, want to understand the story behind your business and the rationale for the loan. A strong business plan shows that you've done your homework, understand your market, and have a clear plan to generate revenue and repay the debt.

### Your business plan should include:

- Executive summary outlining business concept and loan request
- Market analysis: demand, trends, and competitors
- Clear description of your product or service offering
- Sales and marketing strategy
- Comprehensive bios of owners and key managers
- Projected income, expenses, and cash flow for 1-3 years
- Detailed explanation of how loan funds will be used (e.g., equipment, inventory, working capital)



## Risk + Responsibility

Credit history and creditworthiness are key elements in a loan evaluation. Even if your business is well-established, lenders still look at personal credit reports for any owner with a significant stake in the company. They use this information to evaluate your past financial behavior and overall reliability as a borrower.

### Credit documents checklist

- Personal credit reports and credit scores for all owners with at least 20% ownership
- Business credit report
- Personal financial statement showing assets, liabilities, and net worth for each owner
- Resume or work history for owners and executives, especially for startups or new industries
- Collateral information, including a list of business or personal assets you're willing to pledge



## SBA Loans

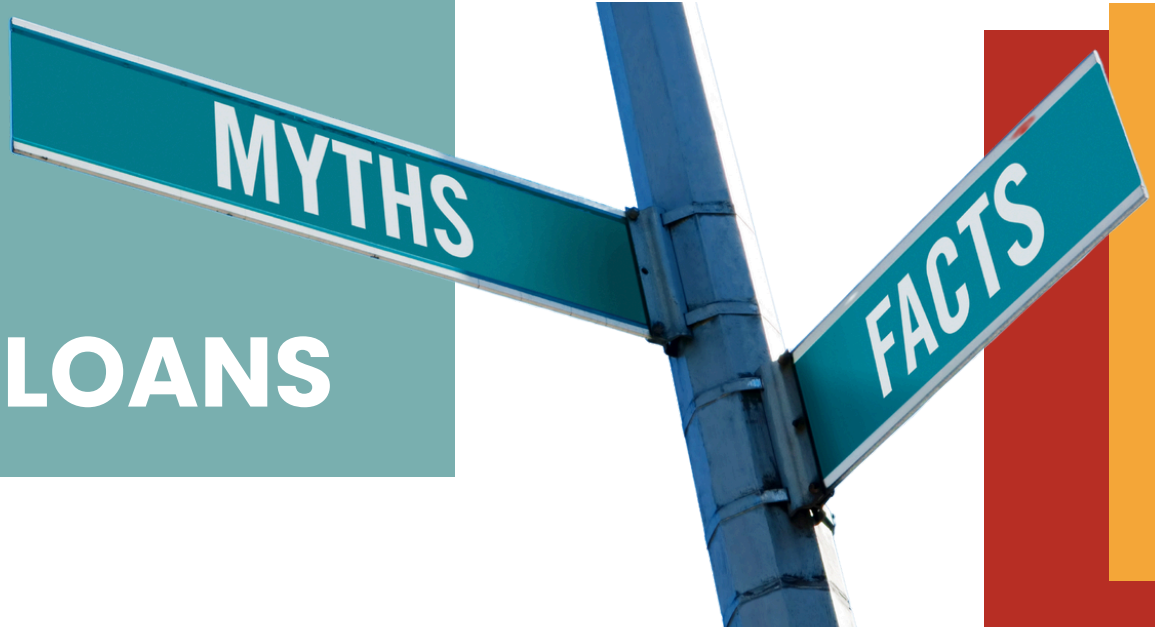
Small Business Administration loans work a little bit differently.

SBA loans are not direct loans from the government. Instead, the SBA guarantees a portion of the loan made by participating lenders, to reduce the lender's risk and improve your odds of approval. SBA loans require more documentation and take longer to process, but they often come with better terms.

### Additional documentation

- SBA loan application forms (SBA Form 1919 + others)
- Personal background and history (SBA Form 912)
- 3 years of personal tax returns for all owners
- Lease agreements for your place of business
- Franchise agreements (if applicable)
- Information on affiliates or subsidiaries
- Detailed list of how SBA loan funds will be used
- Proof of equity injection (if required by lender or SBA guidelines)

# SBA LOANS



**Myth:** SBA loans are only for struggling businesses.

**Fact:** SBA loans are primarily designed for viable small businesses that need more flexible terms. They are not bailouts or rescue loans.

**Myth:** The SBA lends money directly to small businesses.

**Fact:** The SBA guarantees loans made by banks and lenders. You don't borrow from the SBA. You borrow from a lender who participates in SBA programs.

**Myth:** SBA loans are only for startups.

**Fact:** SBA loans are used by both startups and established businesses — including for working capital, equipment, real estate, and refinancing.

**Myth:** SBA loans are easy to get.

**Fact:** While SBA guarantees reduce lender risk, these loans can still be competitive and involve a detailed application and approval process.

**Myth:** You don't need good credit to get an SBA loan.

**Fact:** Personal and business credit still matter. While criteria may be more flexible than traditional loans, strong credit improves your odds.





# GET MORE OUT OF YOUR BUSINESS

**Financial  
pain relief is  
coming**

## **Let's start a conversation**

Need help solving your business problems?

Having a conversation is the best way for us to find solutions to get you to where you want to be.

Schedule your complimentary 30-minute video call so we can discuss your goals and the obstacles holding you back.

**We understand  
where you're  
coming from and  
can help you get to  
the other side**

**Call 206.522.0110 or visit  
[proactiveadvisorygroup.com](http://proactiveadvisorygroup.com) to book your  
FREE Discovery Meeting**