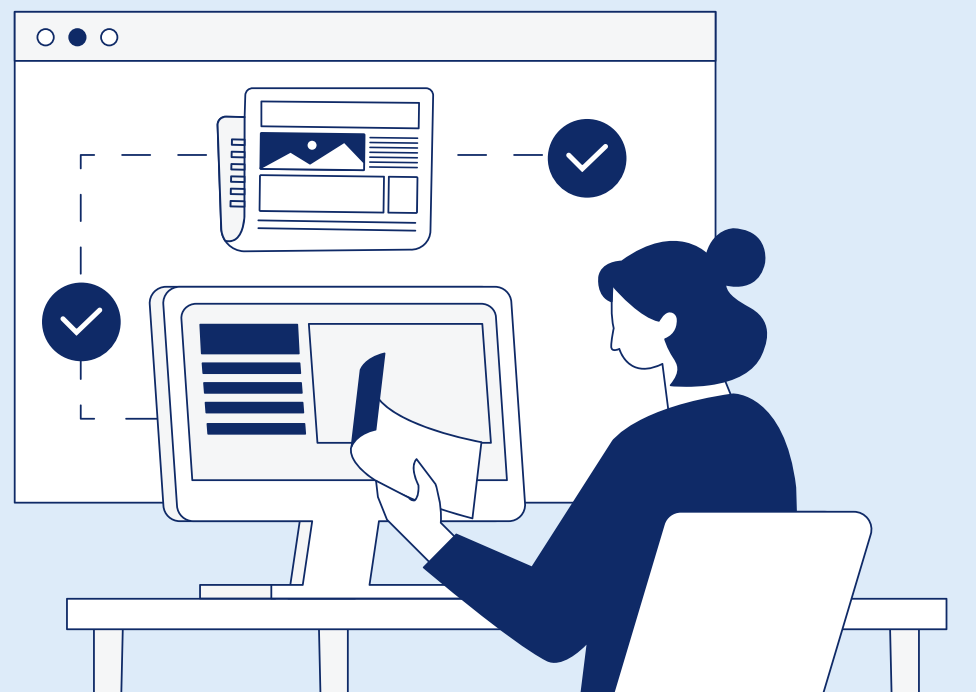


How to Prepare and Apply for an SBA Loan



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What is the SBA?

The Small Business Administration (SBA) is a federal agency that exists to empower and assist small businesses.

The SBA plays a pivotal role in driving economic growth, job creation, and innovation through a wide range of programs and services, including financial support such as loans and grants, counseling, mentorship, and resources for small business owners.

Contrary to popular belief, the SBA doesn't lend money directly. Instead they provide a government-backed guarantee to lenders which reduces their risk and allows them to charge less interest.

This guide will cover the process and requirements for accessing the SBA's most coveted loan program: *SBA 7(a)*.

SBA Loan Programs

The Small Business Administration (SBA) offers several loan programs to assist small businesses. The two most popular being:

- 1 7(a) Loan Program:** The most flexible loan program, provides financial assistance to small businesses for various purposes, including working capital, purchasing equipment, and debt-refinancing.

The 7(a) program also offers subprograms, including the *Standard 7(a) Loan* and the *SBA 7(a) Express Loan*.

- 2 504 Loan Program:** The 504 loan program provides long-term, fixed-rate financing for the acquisition of major fixed assets such as real estate and equipment. It is often used for expansion or modernization projects.

Next, we'll dive a bit deeper into the SBA 7(a) program(s).

SBA 7(a) Program Brief*

Interest Rate

11.25% - 12.25%

Loan Amount

\$30,000 - \$500,000

Time to Fund

2-6 weeks

Repayment Term

10 Years

* Specific rates, loan amounts, and time to fund will differ depending on the lender and loan program (Standard 7(a) or Express 7(a)) an applicant gets approved for.

Standard SBA 7(a) Loan

The gold standard when it comes to small business financing. Here's what you need to know:

General Eligibility:

- ✓ 2 years in business
- ✓ 675 FICO Score
- ✓ \$250K+ in annual revenue
- ✓ No bankruptcy in past 3 years

Interest Rate: 11.25% *

Loan Amount: \$30,000 - \$500,000.

Repayment Term: 10 years (no pre-payment penalty).

Required Documents:

- ✓ 2 years of business and personal tax returns
- ✓ Year-to-date profit & loss and balance sheet
- ✓ Debt schedule
- ✓ 6 months of bank statements

Time to Fund: 4 to 6 weeks.

Use of Proceeds: Working capital, inventory, hiring, marketing, refinancing debt.

* Loan rate is set at: Prime Rate + 2.75%. All approved applicants get the same rate.

SBA 7(a) Express Loan

A lesser known program, but equally competitive, and with less documentation requirements. Here's what you need to know:

General Eligibility:

- ✓ 2 years in business
- ✓ 700 FICO Score
- ✓ \$150K+ in annual revenue
- ✓ No bankruptcy in past 3 years

Interest Rate: 12.25% *

Loan Amount: \$30,000 - \$150,000.

Repayment Term: 10 years (no pre-payment penalty).

Required Documents:

- ✓ 2 years of business tax returns
- ✓ 1 year of personal tax returns

Time to Fund: 2 weeks.

Use of Proceeds: Working capital, inventory, hiring, marketing, equipment.

Business Credit

FICO SBSS (Small Business Scoring System) is a credit score used to evaluate the creditworthiness of small businesses. It's determined by considering both the business's credit history and the personal credit of the business owner. The score ranges from 0 to 300, with 300 being the highest.

Factors that influence the SBSS score include personal and business credit scores, the financial status of the business, cash flow and revenue, the business's longevity, and any liens or judgments against it. However, the exact weight of each factor in FICO's calculation is proprietary and not disclosed.

To qualify for an SBA loan, a minimum score of 155 is required, but most SBA lenders prefer scores in the range of 160 to 170.

If you haven't seen our "how-to" guide on building business credit, you can get a free copy [here](#).

A Roadmap to SBA Success

Given the low approval rate of SBA loans (~30%), we've created this guide to help improve your approval chances:

1

Prepare Your Business and Personal Finances

Before applying for an SBA loan, ensure your financial house is in order. This includes applicable loan documents.

2

Choose the Right SBA Loan Program

Select the SBA loan program that aligns with your business needs, industry, and financing requirements.

3

Find an SBA-Approved Lender

Reach out to potential lenders to discuss your business and loan needs. Make sure you discuss rates and fees!

4

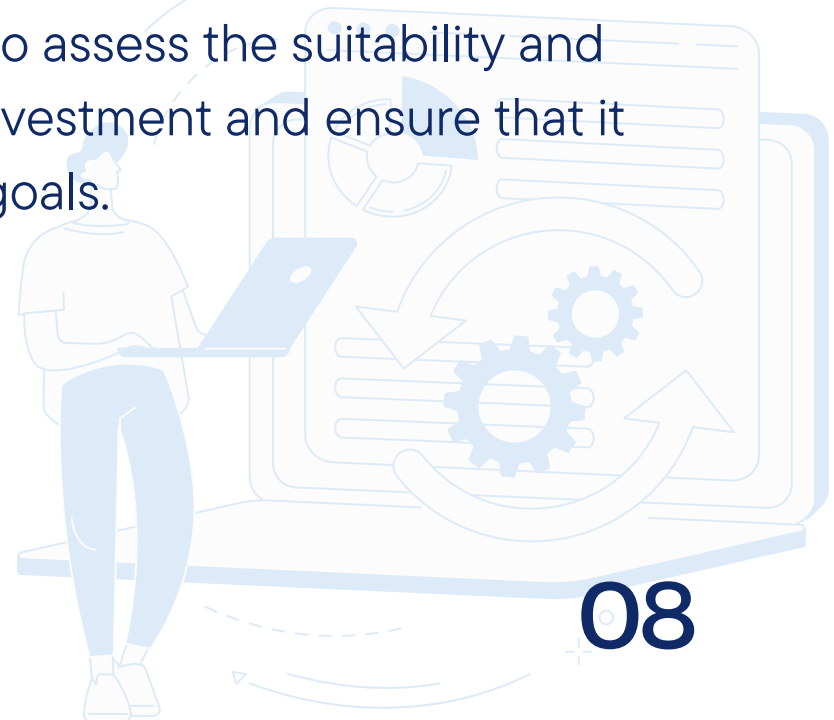
Complete and Submit Your Loan Application

Gather the necessary documentation and submit your loan application.

Notes & Disclaimers

The quoted interest rates provided are for informational purposes only and may not reflect the actual rates available to individual borrowers. Actual interest rates may vary based on several factors, including creditworthiness, loan amount, term, and lender policies.

The information provided about financial products is for informational purposes only and should not be considered financial advice. It does not constitute an offer, endorsement, or recommendation of any specific product or service. Before making any financial decisions, carefully consider your individual financial situation and goals, and/or consult with qualified financial professionals and conduct your own research to assess the suitability and risks associated with any financial product or investment and ensure that it aligns with your financial needs, capacity, and goals.



Hope this was helpful to you.

Interested in exploring *your* SBA loan options?



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