



# SBA 7(a) Loan Program

**BDC Borrower Guide**

The loan in which you are seeking, an SBA 7(a) loan, is a government loan program and requires very specific details and documents for the Application Submission and Closing package.

Being that the process of obtaining an SBA loan can be cumbersome, Business Development Corporation (BDC) assists the borrower with the process of completing the SBA 7(a) application and will collect information from the beginning of the application process through to the closing.

The timing of each step depends on the responsiveness of the Borrower, Third Party, and/or Attorney to provide the necessary information needed to complete each step.



## THREE STEP APPLICATION PROCESS

1

### APPLICATION TO BDC FOR ELIGIBILITY AND CREDIT APPROVAL

- » Borrower to provide all items outlined on the Application Package.
- » Upon receipt of required items, BDC will review the loan request, analyze the personal and business credit worthiness and, if acceptable, will prepare for BDC Loan Approval by Committee.

2

### PREPARING FOR SBA SUBMISSION AND APPROVAL

- » Borrower to provide a complete package to BDC based on the checklist provided with the Commitment letter.
- » Upon receipt of required documents, BDC will prepare the package for SBA Submission and review.
- » If SBA has no questions or concerns, they will issue a Terms and Conditions Approval.

3

### PREPARING FOR CLOSING

- » Once Approved by the SBA, the borrower and their attorney work together to gather all remaining items requested from BDC and BDC's Closing Attorney.
- » BDC's attorney will review and mark complete/ acceptable those checklist items received. If additional information or corrections are needed, BDC's attorney will request changes from Borrower and/ or Borrower's attorney.
- » Once a complete package is obtained, a closing date will be scheduled.



## MINIMUM REQUIRED DOCUMENTS FOR BDC APPLICATION

### BUSINESS

#### FINANCIALS: NEW BUSINESS

- » Business Plan
- » Projections – include minimum two years with first year being month to month.

#### FINANCIALS: EXISTING BUSINESS

- » 3 years business tax returns
- » Current Year to Date Balance Sheet and Income Statement (P&L)
- » Business Debt Schedule

#### OTHER DOCUMENTS

- » Legal Name Filing – Articles or Organization and EIN Letter from IRS
- » If Franchise – provide Franchise Agreement and Franchise Disclosure Document (FDD)

#### PROJECT DOCUMENTS

- » Current/Proposed Lease Agreement or Letter of Intent
- » Proposed Purchase Agreement if any
- » Proposed Construction Contract or Letter of Intent with line-item Budget
- » Copies of Invoices/Quote for all Furniture Fixture & Equipment to be purchased.

### PERSONAL

#### FINANCIALS

- » Personal Financial Statement (PFS) – prepared and signed by each owner, jointly with spouse.
- » 3 years personal tax returns, include all W-2's.

#### OTHER DOCUMENTS

- » SBA Form 1919 – Borrower Information Form/Application
- » Notice of Loan Packaging Fee – Fee must be paid to BDC.
- » Current Resume or management experience for each business owner.
- » Driver's License provided by each Owner/Guarantor.





## REQUIRED DOCUMENTS FOR SBA SUBMISSION

### DOCUMENTS PROVIDED BY BDC FOR EXECUTION:

- » Executed Commitment Letter & Deposit
- » Updated Personal Financial Statement (PFS), if expired
- » Request for Tax Transcripts IRS 4506C
- » Updated SBA Form 1919
- » Taxpayer Consent Form
- » Fee Disclosure and Compensation — SBA Form 159
- » Environmental Questionnaire

### PROJECT DOCUMENTS:

- » Fully Executed Lease Agreement — Term must be minimum 10 years can include options to renew.
- » Fixed Price Construction Contract and Line-Item Budget — Recommend AIA Forms G702/G703.
- » Quotes and/or Invoices for FF&E dated within 30 days.
- » Executed Purchase Agreement, if any — include any amendments, must show a closing date in the future.



## REQUIRED DOCUMENTS TO PREPARE FOR CLOSING ATTORNEY REVIEW AND CLOSING

<b>Borrower Attorney Contact Information</b>	<ul style="list-style-type: none"> <li>» Attorney must be engaged, provide copy of Commitment Letter &amp; SBA Approval.</li> <li>» BDC closing attorney will coordinate with borrower attorney for closing.</li> </ul>
<b>Operating Agreement</b>	<ul style="list-style-type: none"> <li>» Fully Executed Operating Agreement or other legal entity papers</li> <li>» By-Laws, Partnership Agreement, etc. with all amendments (typically prepared by an attorney)</li> </ul>
<b>Bank Statements</b>	<ul style="list-style-type: none"> <li>» Current two months Bank Statements</li> </ul>
<b>Equity Injection Paid Verification</b>	<ul style="list-style-type: none"> <li>» Provide invoices and proof of payment for all expenses paid to date (cleared check, bank statement for wire or debit/credit transactions).</li> </ul>
<b>Real Estate Collateral</b>	<ul style="list-style-type: none"> <li>» Primary Residence or other Real Estate as Collateral – Provide a current mortgage loan statement and copy of current insurance policy and/or declaration page.</li> </ul>
<b>Business Insurance</b>	<ul style="list-style-type: none"> <li>» Business Insurance for General Liability, Personal Property (contents), Worker’s Compensation, Real Estate Insurance, if any.</li> <li>» If Liquor/Beer establishment, provide Liquor Liability coverage.</li> <li>» Changes may be required by BDC attorney.</li> </ul>
<b>Life Insurance Policy</b>	<ul style="list-style-type: none"> <li>» Provide a full copy of the life insurance policy which should have a term of at least the term of the loan (10 years, 20 years, 25 years).</li> </ul>
<b>Business Licenses/Permits</b>	<ul style="list-style-type: none"> <li>» Business Licenses/Permits are required to operate business if existing business.</li> </ul>
<b>Franchise Agreement</b>	<ul style="list-style-type: none"> <li>» Fully Executed Franchise Agreement</li> </ul>
<b>Building Permit</b>	<ul style="list-style-type: none"> <li>» Final-Approved Building Permit for construction/renovations.</li> </ul>
<b>Voided Check</b>	<ul style="list-style-type: none"> <li>» Copy of voided check for loan payment authorization — Original voided check should be provided at closing.</li> </ul>
<b>Additional Items</b>	<ul style="list-style-type: none"> <li>» Additional items will be requested by BDC Attorney after reviewing all documents.</li> </ul>



## BDC IS HERE TO HELP GUIDE THE PROCESS

*If you have questions or need assistance, please reach out to one of our BDC team members.*



**Rob Evans**  
Senior Vice President  
SBA and SSBCI  
Lending Officer  
**803.744.0308**  
REvans@BDCofSC.org



**Holly Broome**  
Assistant Vice President  
Lending Assistant  
**803.744.0318**  
HBroome@BDCofSC.org



**Julie Mele**  
Vice President  
Closing Manager  
**803.744.0314**  
JMele@BDCofSC.org



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