

SBA Loan Starter Kit





About this SBA Loan Starter Kit

Thank you for requesting access to this SBA Loan Starter Kit!

I put this guide together in response to the many questions I get from buyers about the SBA lending process. My hope is that this kit will give you some of the most basic documents and information you'll need to get your SBA loan.

I've included 3 things in this starter kit:

- **Lenders.** A very short list of lenders we recommend.
- **Overview.** A basic overview of the three elements required to get an SBA loan approved.
- **Documents.** The basic documents that every SBA loan will require.

For More Information

If you have this kit, you probably already read the article I wrote on using SBA loans for an acquisition. However, if you have not read this article yet, I would recommend reading that first.



[How to Buy an Online Business with an SBA Loan](#)

This blog post is a continually evolving resource filled with information on getting, qualifying, and using an SBA loan to buy an online business.

Can You Do Me One Last Favor?

If this starter kit and the original blog post are helpful, would you consider sharing this on your favorite social network? Your share would mean a lot!

Thank you!

Share on **facebook**

LinkedIn



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Recommended SBA Lenders

One of the most common questions we receive at Quiet Light Brokerage is a request for any SBA lenders that we've worked with and can recommend.

The lenders below are lenders we have worked with who were able to successfully bring deals to a close. As with any vendor, please be sure to interview them upfront. Not every lender will be right for you.

If you have a recommendation for a good lender, please feel free to email mark@quietlightbrokerage.com with your recommendation.

Stephen Speer

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Mendy Wilenkin

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** SBA loan group is not a lender. Rather, they help match you with a lender who is a good fit for your acquisition.*



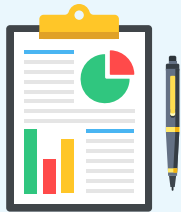


Common Documents

The SBA approval process requires a lot of documents and forms. You can speed up the process by knowing what to anticipate and by having your forms ready to go.

Below is a partial list of the documents your lender may need. Please note that document requirements may vary from lender to lender. This list should be viewed as just a starter package.

Documents You Need to Provide



Personal Financial Statement



3 Years Tax Returns

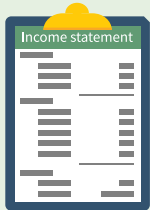


4506-T Form



Resume

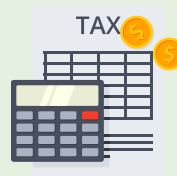
Documents Your Seller Needs to Provide



3 Years P&L Statements



Current Balance Sheet



Tax Returns



4506-T Form

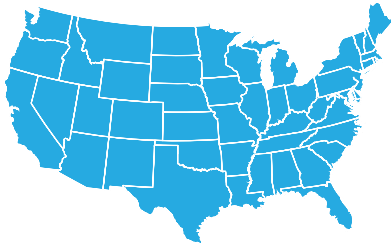
** If the business being acquired is less than 3 years old, you'll need to provide as many years history as you have. Businesses less than 3-years old are generally less likely to qualify for an SBA loan.*





Qualifying the Business for Sale

Not all businesses for sale will qualify for an SBA loan. Below are just some of the requirements needed in order to qualify.



U.S. Based (with tax returns)

Only U.S. based companies will qualify for an SBA loan. The company being sold must file their taxes and be current on their tax liabilities.

1 : 1.25

Suitable Debt to Earnings Ratio

The lending bank, and the SBA, are primarily concerned with the business's ability to repay the loan. Currently, the SBA looks for a payback ratio of at least 1 : 1.25. This means that for every \$1.00 the business pays in debt payments, it should make \$1.25.



Business Valuation

After you receive a commitment letter from the bank and once you begin underwriting, your bank will hire an independent business valuation firm to validate that the price for your acquisition is valued properly.





How You Qualify

The bank and the SBA will also look at you, your debt, and your qualifications to make sure you qualify for a loan. Here are a few of the items a bank will inspect.



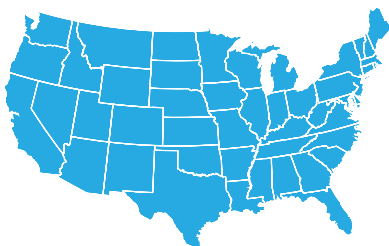
Your Personal Debt & Income

While the business's debt to earnings ratio might be acceptable, the SBA and the bank will also look at your financial picture and how this impacts the overall debt to income of the acquisition. So if you have

A vertical resume template with a dark header containing the name "NAME SURNAME". The template includes sections for PROFILE, CONTACT, SKILLS, PROJECTS, WORK EXPERIENCE, EDUCATION, LANGUAGES, and REFERENCES, each with placeholder text and icons.

Your Professional Background

After you receive a commitment letter from the bank and once you begin underwriting, your bank will hire an independent business valuation firm to validate that the price for your acquisition is valued properly.



You must be based in the U.S.

Since SBA loans are backed by the US government, both the business and you must be based in the US and have filed recent tax returns. The bank will request your tax returns for the last 3 years.





Deal Structure Do's and Don'ts

Since you will be using the bank's money to buy your online business, and since the government guarantees that loan, there are certain do's and don'ts when you agree to a deal.

Deal "Don'ts"



Don't try to buy only part of the business.



Don't use performance based financing.



Don't hire the seller as an employee.

Deal "Do's"

Put down at least 10%



Any seller financing is on a 2-year standby

