

The SBA Loan Application Checklist

What it actually takes to get approved, and the exact packet to have ready before you apply.

- ① SBA loans offer the best terms in small business lending: rates as low as prime plus a couple points, terms up to 25 years, amounts up to \$15 million. They are also the hardest to qualify for, and most owners do not find out they are not ready until a denial is already on their record. Here is the real bar, the four numbers underwriters run, and the documents to have ready before you apply.

Best Terms Available

Rates as low as prime plus a couple points. Terms up to 25 years.

Up to \$15 Million

The highest loan amounts available in small business lending.

Hardest to Qualify

Most owners discover they are not ready only after a denial is on their record.

The Three SBA Programs

Pick the lane before you apply. Most businesses start with 7(a) for flexibility or Express for speed.

Program	Max Amount	Best For	Approval
SBA 7(a)	\$5M	Working capital, equipment, real estate. The most flexible.	60-90 days
SBA 504	\$15M	Commercial real estate and heavy equipment, at the lowest rates.	60-90 days
SBA Express	\$500K	Speed, and amounts under \$500K. Streamlined documents.	21-30 days

 Start with 7(a) if you need flexibility. Start with Express if speed and a smaller amount are the priority.

Do You Actually Qualify?

Four gates every SBA application must clear. Know where you stand before you submit.

1

Credit and a Clean Record

Every owner with 20% or more gets checked. 650 is the floor, 680+ is preferred, 700+ is competitive.

You pass when: personal FICO is 650+ (680+ preferred), no bankruptcy in the last 3 years, and no outstanding federal debt, tax liens, or delinquent child support.

2

Time in Business and Revenue

The SBA wants a business that has survived and is generating consistent revenue. Most lenders want two years, though some flex to 12-18 months on specific products.

You pass when: you have two or more years in business with consistent, documented revenue.

3

Debt Service (DSCR)

This is the number that kills the most SBA applications. DSCR means your net operating income is at least 25% more than your total debt payments. Below 1.25x is close to an automatic denial.

You pass when: your DSCR is 1.25x or higher. 1.35x and up is what gets approved cleanly and at better terms.

4

Equity Injection and the Personal Guarantee

The SBA wants skin in the game, 10 to 20% down from your own funds, not borrowed. Every owner with 20%+ signs an unlimited personal guarantee: your home, vehicles, and accounts can be pursued if the business defaults.

You pass when: you have a 10-20% equity injection from personal (non-borrowed) funds, and you are prepared to sign a personal guarantee.

The Four Numbers Underwriters Run

Calculate your DSCR before anything else. It predicts your approval more than any other number.

The Number	Minimum	Preferred	If You Miss It
Debt Service Coverage (DSCR)	1.25x	1.35-1.50x+	Near-automatic denial
Debt-to-Worth	4:1 max	3:1 or better	Reads as over-leveraged
Current Ratio	1.0	1.5+	Signals liquidity trouble
Working Capital	Positive	3-6 mo expenses	Raises viability concerns

DSCR is the gatekeeper

A DSCR under 1.25x is close to an automatic denial. Get this number right before anything else.

How to calculate DSCR

Divide your net operating income by your total annual debt payments. The result must be 1.25 or higher to clear the minimum bar. Aim for 1.35 or above for a clean approval.

Your Document Packet

Have these ready before you apply. A complete package up front is what gets approved faster and at better terms.

Personal Documents

Required for every owner with 20% or more.

- SBA Form 413 (Personal Financial Statement)
- 3 years of personal tax returns
- Government-issued photo ID
- Short resume or business background
- Signed credit report authorization

Business Documents

Required for all applicants.

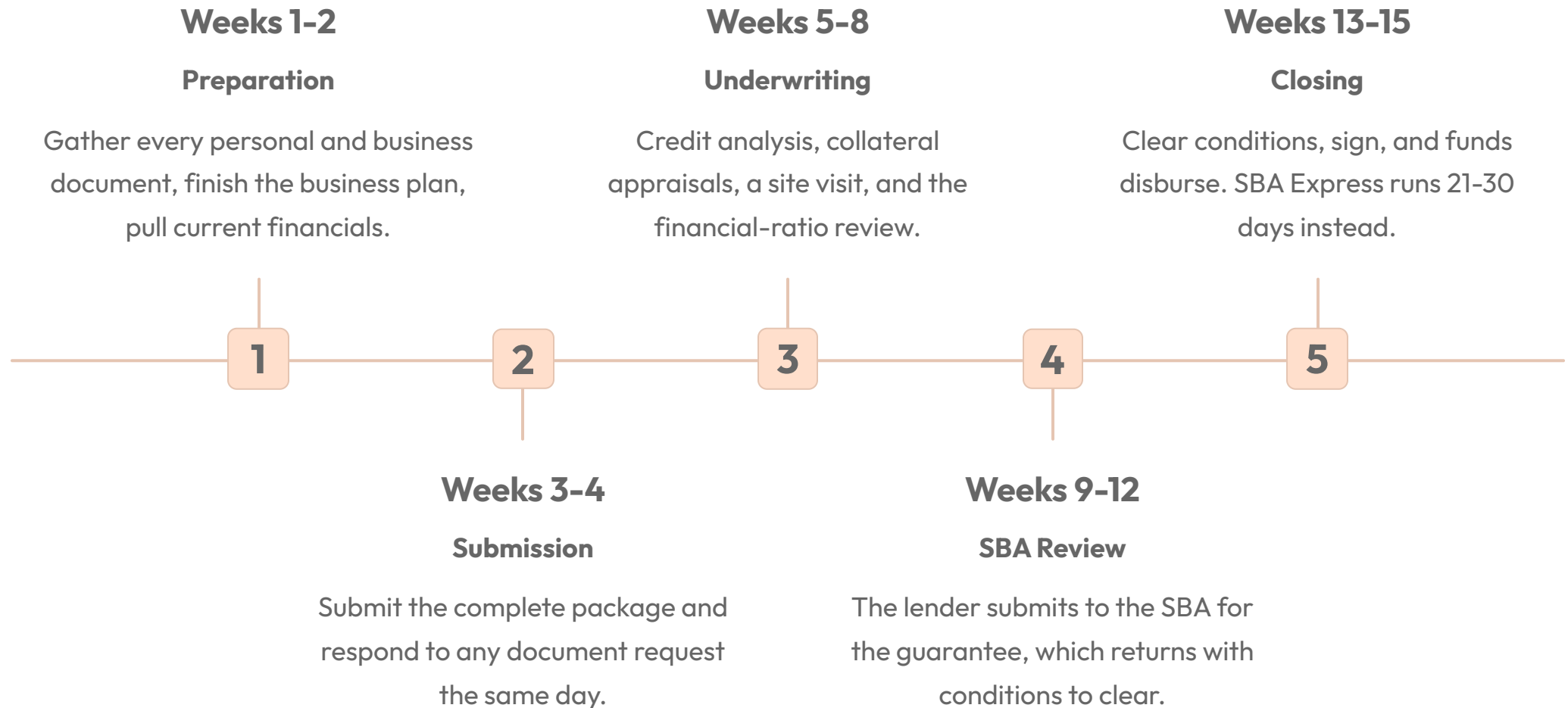
- 3 years of business tax returns
- Year-to-date P&L and a current balance sheet
- Complete business debt schedule
- 6 to 12 months of business bank statements
- Formation docs, licenses, and lease



If buying property or a business: executed purchase agreement or letter of intent, professional appraisal or business valuation, proof of your down-payment funds, and for real estate, a Phase I environmental report and title commitment.

The Approval Timeline

Plan for 13-15 weeks on a standard 7(a), longer with real estate. Start 90 to 120 days before you need the capital.



i SBA Express runs 21-30 days total. If speed is the priority and your amount is under \$500K, Express may be the right lane.

Why SBA Loans Get Denied

Almost all of it is preventable if you check it before you apply, not after. Denials cluster in a handful of places.

DSCR Under 1.25x

The most common denial reason. If your net operating income does not cover debt payments by at least 25%, the application will not clear underwriting.

Credit Under 650 or Recent Lates

A personal FICO below 650, recent late payments, or open collections will stop an application. Every 20%+ owner is checked.

Thin or Borrowed Equity Injection

The down payment must come from personal, non-borrowed funds. A thin injection or one sourced from another loan is a denial trigger.

Weak or Unrealistic Business Plan

Projections that do not hold up to scrutiny or a plan that does not address repayment capacity will raise flags in underwriting.

Incomplete or Inconsistent Documents

Missing pages, numbers that do not reconcile across documents, or unsigned forms slow the process and signal disorganization.

Prohibited Uses of Funds

Investment real estate, passive investments, refinancing existing SBA debt, or anything speculative. For real estate, the property must be at least 51% owner-occupied.


⊗ Fix these before you apply. A denial goes on your record and makes the next application harder.

Denial Reasons at a Glance

The distribution of SBA denial causes shows that financial ratios and credit account for the majority of rejections.



DSCR UNDER 1.25x
(MOST COMMON CAUSE)



CREDIT UNDER 650
or recent lates



THIN OR BORROWED EQUITY injection



WEAK BUSINESS PLAN
(or unrealistic)



INCOMPLETE DOCUMENTS
or inconsistent info



PROHIBITED USES
of funds (real estate, speculative)

Every item on this list is fixable before you apply. The owners who get denied are almost always the ones who discovered the problem after submission, not before.

The Qualification Checklist

Run through this before you submit. Every item should be a clean check.

Financial Readiness

- DSCR is 1.25x or higher (1.35x+ preferred)
- Debt-to-Worth ratio is 4:1 or better
- Current Ratio is at 1.0 or above
- Working Capital is positive
- 10-20% equity injection from personal, non-borrowed funds

Documents and Eligibility

- Personal FICO is 650+ for all 20%+ owners
- No bankruptcy in the last 3 years
- No outstanding federal debt, tax liens, or delinquent child support
- Two or more years in business with documented revenue
- Complete personal and business document packet assembled
- Use of funds is not on the prohibited list
- Prepared to sign an unlimited personal guarantee

The Bottom Line

The owners who get SBA approved are not the ones with the biggest businesses. They are the ones who walked in with a 1.35x DSCR, a complete packet, and a documented down payment. Get those three right before you apply.

1.35x DSCR

The single number that predicts approval more than anything else. Calculate it first.

A Complete Packet


Every document, signed and consistent. A complete package gets approved faster and at better terms.

Documented Down Payment

10-20% from personal, non-borrowed funds. Sourced, seasoned, and ready to verify.

Is your DSCR above 1.25x right now?

Start there. Then build the packet. Then apply.



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Get matched with the best funding options from 5,000+ lenders.

No script, no pitch deck. Just the next moves that fit your situation. What we'll cover:

Where your file really stands, and what an underwriter sees when they read it
The fastest clean path from where you are to fundable
Which phase to start in and the order that fits your goals
Whether working together makes sense, and exactly what that looks like

Bring your three-bureau report if you've pulled it (annualcreditreport.com). If you haven't, we'll work with what you've got. This is done with you, not for you. I can't promise you a specific number, and nobody honest can promise the bank's answer in advance. What you'll leave with is a clear next move and a straight read on whether I can help. 15 minutes. No pressure.

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