



7 TIPS FOR LANDING AN SBA LOAN

Considering an SBA loan?

Small Business Administration (SBA) loans are a worthwhile financing option for small to mid-sized companies. These government-backed loans typically offer longer terms, more competitive interest rates and new maximum loan sizes of up to approximately \$10 million. In contrast, conventional business loans typically have shorter maturity dates and may require larger down payments. SBA loans may be able to offer lower monthly payments which improve cash flow and require less cash down up front so more cash stays in your business.

An SBA loan may be the smartest option for your business if you want to purchase owner-user commercial real estate, refinance existing business debt, expand your business or finance the acquisition of an existing business. Your primary SBA loan options include both SBA 504 and SBA 7(a) loans. How the loan funds will be used as well as the size of the loan really determine which SBA loan is the best fit for your business.

But the process can be challenging.

Businesses seeking loans may find that banks are requiring more information and better documentation than in years past. In addition, the SBA process can be arduous. Luckily, there are some key ways to increase your chances of landing an SBA loan the first time around. Here at California Bank & Trust, one of the nation's most active and experienced SBA lenders, we recommend the following tips for helping to get your SBA loan approved.

1

Provide details on exactly how much financing you need and how you will use it.

Banks appreciate specifics, so start by stating a precise dollar amount and give details of how you will use the funds. For example, if you are seeking \$125,000 to expand your business, explain to your lender how you will use the funds (i.e., \$75,000 to support three months of expenses and another \$50,000 for seven computers and a server). Banks are impressed with research, so provide a written quote for the items. If you're planning to consolidate debts and refinance, provide copies of your promissory notes and state how much you will save with the refinance. Furthermore, detailed loan amounts with copies of bids, promissory notes or proposals can help strengthen your loan package because your lender can understand the facts backing up the request.

2

Provide information about company management.

When banks lend money they like to understand who owns and runs the company. This is a key factor in presenting your loan for approval. Help your lender by providing a résumé for each owner or key employee and describe their functions and responsibilities. If certain key positions have not yet been filled, include a thorough job description of the type of person you are seeking. This will confirm for the lender that you have analyzed your needs and have determined the requirements of the position.

3

Be prepared to offer collateral.

The SBA requires collateral to fully secure your loan to the extent that it is available. If you are purchasing an owner-user commercial property, it will be used as collateral. If you are using the loan to finance other types of business needs and you own a home, you will likely be asked to pledge it. The SBA may also request a lien on your business assets and may require life insurance on sole owners of a business. Most loans made by banks are secured loans and therefore approval may be contingent on a guarantor who is willing to offer collateral.

4 Detail your credit history and credit score.

Your credit score is an integral part of the loan process because it illustrates the ways in which you handle your other obligations. Your bank will eventually run its own credit report, but if you can provide information prior to them doing so, you can discuss any issues ahead of time. If you don't know your credit score, take the time to research it on the Internet. If you've had problems such as identity theft, bankruptcy or divorce, you'll want to discuss it with your lender up front and provide proof that issues have been resolved or discharged.

5 Provide complete copies of tax returns, financial statements and bank statements.

While it can be time consuming to gather these documents, your bank will want to know everything about you and your business if it is to become, in essence, your financial partner. One way to streamline the process is to provide a complete package of your financial documents either in a hard or soft copy format. A complete package at the start of the process helps expedite building the loan package.

6 Explain how you'll achieve your projections.

Now is the time to sell your lender on your vision and forecasted success. If customers have expressed a desire to do business with you, give your lender a copy of their correspondence. Prove to the lender that a market for your product or service exists and demonstrate the validity of your sales and expenses. Likewise, if the loan will create efficiencies or reduce expenses, provide a thorough explanation of those benefits as well.

7

Expect questions and be patient.

Your lender needs to connect with your business and your story and will appreciate your assistance. Take the time to thoroughly explain the nature of your business, your vision and your background. Your banker will likely be presenting your loan request to others in their organization so he or she will need your help in making a case for getting your loan approved. The process may take some time, so it helps to be patient. Feel free to request an estimated time frame for approval and respect that the projected date may slip a bit. It's best not to call or email your lender frequently—remember that in lending, no news is often good news.

About California Bank & Trust

California Bank & Trust (CB&T) is a leading SBA lender and designated as a Preferred SBA Lender by the U.S. Small Business Administration. Our bankers help make the process as easy as possible by providing guidance throughout the entire SBA loan process. California Bank & Trust, a subsidiary of Zions Bancorporation (NASDAQ: ZION), is one of the largest banks headquartered in California with more than 50 years in the marketplace, over \$10 billion in assets, and more than 100 branches statewide. CB&T provides a full array of financial solutions for businesses and individuals, including commercial and small business lending, cash management, international banking and wealth management. The professional bankers at CB&T are backed by major resources, yet maintain local decision-making authority and regional market and industry expertise. They are committed to providing clients with valuable business and economic insights and to connecting them with the beneficial business relationships they need to succeed. CB&T, as part of Zions Bancorporation, has won 14 Greenwich Excellence Awards, including the awards for overall satisfaction for small business banking and overall satisfaction for middle market banking. To learn more, visit calbanktrust.com or call (800) 927-5054 to reach the banker nearest you.

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