

# What does it take to get your SBA loan funded?

## As the borrower, you have an important role in the process.

Getting your Small Business Administration (SBA) loan approved is an important first step, but getting your money in hand requires a successful loan closing. The loan closing can take substantial time if you're not prepared and able to provide what's needed to the lender's closing team in a timely manner. To help you get ahead of the curve, we've provided a list of items typically required by lenders to close and fund an SBA loan.

## Closing Checklist

Once your loan is lender-approved, you will be provided a closing checklist of the lender's requirements to fund your loan. The specific list will vary depending on the loan program and specific concept, but the following items are often required:

	7a Loan	Small Loan /Express
Fully executed Franchise Agreement and SBA Addendum to Franchise Agreement <i>(if applicable)</i>	✓	✓
Organizational documents for operating entity (LLC, Corp)	✓	✓
Fully executed lease agreement	✓	✓
Fully executed Landlord Subordination Agreement <i>(bank will provide template)</i>	✓	✓
Fixed price construction contract	✓	✗
Equipment invoice	✓	✗
Certificates of required business insurance	✓	✓
Life insurance in the amount of the loan <i>(if required)</i>	✓	✗
Proof of equity injection	✓	✓
Any licenses/permits required by the State <i>(if any)</i>	✓	✓
If buildout involved, a Certificate of Occupancy <i>(buildout must be complete and paid prior to closing)</i>	✗	✓
Training certificate of completion	✗	✓



## Time to Funding

Once the closing checklist is complete, your loan should close and begin funding within 1-3 days.

## Loan Disbursement

### 7a Loan

If **buildout is involved**, the lender must handle disbursements directly to your General Contractor. If you need other funds during buildout, you can provide an invoice for the bank to pay the vendor or a paid invoice for the bank to reimburse you - subject to a bank's internal funding process. Once the buildout is complete, the remaining loan balance is typically wired to your business account to be used as operating working capital.



If **buildout is NOT involved**, the lender typically requires invoices to directly pay vendors for any major costs (ex. equipment). Once those costs are paid, the remaining loan balance is typically wired to your business account to be used as operating working capital.

### Small Loan/Express

Loan is funded in one lump sum to your business bank account.

### Important Notes:

- Your timeline to close will greatly depend on your timeliness, as well as any third parties involved (ex. franchisor, landlord, contractor, insurance agent, State/County, etc.) in meeting the requests of the lender and FranFund.
- If total project cost includes funds for buildout of a new unit, your loan must close **before** construction begins.
- If total project cost includes purchasing an existing/operating business, your loan must close **before** the purchase is made.

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Typically, banks require a minimum score of 680 to qualify for an SBA loan. If you don't meet this criteria, you should consider other funding options including 401(k) business funding. Our trusted funding consultants can talk with you to determine the best funding solution for you. If you don't have your funding consultant's contact info handy, you can [connect with us here](#).