BankPreview

READINESS REPORT

Example Bistro LLC

A borrower-only preparation report for a full-service restaurant loan request of $350,000, so you can see what a bank is likely to look at before you apply. It is not a package to hand to a lender.

Borrower	**Example Bistro LLC**	Date prepared	**November 11 , 2026**
Business type	**Full- service restaurant**	Scenario	**Base**
Loan amount	**$350,000**	Interest rate	**10.5 %**
Term	**120 months (fully amortizing)**	Monthly payment	**$4,723**
Project cost	**$410,000**	Money you're putting in	**14.6 % ($60,000)**
Readiness score	**34 / 100 (Not ready to apply yet)**	Coverage and cash tests	**Would likely need adjustments**

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FOR THE OWNER

EXECUTIVE SUMMARY

34
out of 100
NOT READY TO APPLY YET

COVERAGE AND CASH TESTS (BASE FORECAST)

Would likely need adjustments

On the coverage and cash tests in this assessment, this structure would likely need adjustments (for example, a cash reserve or a smaller loan) before you apply.

This request is not ready to apply yet. Start with the fix list below — a smaller loan, more cash in the deal, missing documents, or a stronger package may be needed first. On the coverage and cash tests in this assessment, this structure would likely need adjustments (for example, a cash reserve or a smaller loan) before you apply.

> **Your score is capped.** Your score is capped at 34 ("Not ready to apply yet") because in a downside case, cash available for the loan payment covers only 0.32x of the payment (under 0.50x); and what backs the loan covers only 0.21x of the request (under 0.50x). Without these limits the factor total would have been 78.

What these tests are telling you

The $350,000 request for Example Bistro LLC can be supported on the Base forecast only with the conditions below. Lendable collateral of $74,000 leaves an unsecured shortfall of $276,000 against the $350,000 loan (coverage 0.21x). This is a condition, not a decline. The required actions that follow address these items.

Can your cash pay the loan? (debt service coverage, DSCR)

Coverage using cash available for the loan payment (CFADS) is **1.67x in Year 1** and **3.00x in Year 2**. Lenders typically want at least 1.25x. Coverage using profit before interest, taxes and depreciation (EBITDA) is 2.48x / 4.14x (reference only; it does not drive this assessment). Lowest month-end cash is $29,218 in Feb 27 (6.2 months of the loan payment).

Top 3 fixes

1. **Borrow $239,658 less (loan of $110,342) so cash still covers the payment in a downside case** — In a downside case, cash available for the loan payment is only 0.32x of the payment. Cutting the request to $110,342 brings that coverage to 1.00x. You can also add more of your own cash instead of borrowing the difference. *About +49 points if completed.*
2. **Assemble the remaining 10 of 23 usual documents (for example: Business tax returns (last 3 years); Year-to-date profit and loss statement; Year-to-date balance sheet; Personal financial statement (SBA Form 413))** — A more complete package does not approve the loan, but missing items slow a file down and cost points here. *About +2 points if completed.*
3. **Close a $276,000 shortfall in what backs the loan with options you can actually use** — Lendable assets are $74,000 against a $350,000 loan (0.21x coverage). Practical options: offer a lien on personal real estate if you have it (about $345,000 of property value at an 80% advance would close the gap); add $276,000 more equity or borrow $276,000 less (a loan of about $74,000); ask a guarantor to pledge additional assets; or accept that an SBA 7(a) loan can be partly unsecured — SBA does not decline for a collateral shortfall alone when the owner has pledged available assets. Buying a large amount of extra equipment just to pledge it is usually not realistic.

The on-page score and top fixes stay free. This report is the paid depth behind those numbers, for your own preparation — not a package to hand to a lender.

SCORE BREAKDOWN

The readiness score is the sum of the factors below, each limited at its maximum. Serious red flags can also limit the band you see, even if the factor total is higher.

Your score is capped at 34 ("Not ready to apply yet") because in a downside case, cash available for the loan payment covers only 0.32x of the payment (under 0.50x); and what backs the loan covers only 0.21x of the request (under 0.50x). Without these limits the factor total would have been 78.

Can your cash pay the loan? (Debt service coverage (DSCR, CFADS basis)) — **25 / 25**

This factor is already at or near full points.

Cash cushion (Months of debt service at the low cash point) — **10 / 10**

This factor is already at or near full points.

Your cash in the project (Equity injection) — **8 / 10**

Put in at least 20% of your own money for full points (10% earns 8 of 10). Reduce the loan or add cash.

Assets pledged against the loan (Collateral coverage (lendable value ÷ loan)) — **3 / 10**

Pledge enough lendable assets (after advance rates) to cover the loan in full, or use the realistic options in the action plan (a lien on personal real estate if available, more equity or a smaller loan, a guarantor, or accepting that an SBA 7(a) loan can be partly unsecured). A shortfall costs points and usually becomes a condition, not an automatic decline.

Owner + business cash flow (Guarantor global DSCR) — **10 / 10**

This factor is already at or near full points.

Owner credit score range (Personal credit band) — **8 / 10**

A personal credit band of 740 or higher earns full points; 680–739 earns 8 of 10. This score uses the range you entered, not a credit pull.

Track record (Historical financials) — **2 / 8**

Enter three years of stable revenue without a drop of more than 20% in any year.

Is the forecast realistic? (Projection vs. industry benchmarks) — **4 / 7**

Keep the Year 2 forecast inside this industry's benchmark ranges for growth, COGS, labor, occupancy, and EBITDA margin, and support any stretch with history.

Industry experience (Years in this line of work) — **5 / 5**

This factor is already at or near full points.

Documents ready (SBA-style package completeness) — **2.8 / 5**

Check off a complete SBA-style package. Each missing item on the intake list costs a fraction of these 5 points.

Score 34 / 100 — Not ready to apply yet (factor total 78, before limits). If the action-plan items below are completed as modeled, the estimated score is **100 / 100** (about +66 points). That is an estimate, not a promise; a lender will still do their own work.

PRIORITIZED ACTION PLAN

Fixes are ranked by what you can actually do and by estimated score impact. Completing the items as modeled would move the score from **34** to an estimated **100 / 100**.

#	ACTION	EFFORT	SCORE IMPACT
1	**Borrow $239,658 less (loan of $110,342) so cash still covers the payment in a downside case** In a downside case, cash available for the loan payment is only 0.32x of the payment. Cutting the request to $110,342 brings that coverage to 1.00x . You can also add more of your own cash instead of borrowing the difference.	Medium	+49 pts
2	**Assemble the remaining 10 of 23 usual documents (for example: Business tax returns (last 3 years); Year-to-date profit and loss statement; Year-to-date balance sheet; Personal financial statement (SBA Form 413))** A more complete package does not approve the loan, but missing items slow a file down and cost points here.	Low	+2 pts
3	**Close a $276,000 shortfall in what backs the loan with options you can actually use** Lendable assets are $74,000 against a $350,000 loan (0.21x coverage). Practical options: offer a lien on personal real estate if you have it (about $345,000 of property value at an 80% advance would close the gap); add $276,000 more equity or borrow $276,000 less (a loan of about $74,000); ask a guarantor to pledge additional assets; or accept that an SBA 7(a) loan can be partly unsecured — SBA does not decline for a collateral shortfall alone when the owner has pledged available assets. Buying a large amount of extra equipment just to pledge it is usually not realistic.	Medium–high	—
4	**Add $22,000 more equity if you want a 20% injection** You already meet a 10 % injection. A thicker equity check often helps on a tight deal.	Medium	—

Effort is a planning label, not a quote. Dollar targets are based on the selected assumptions. Re-run the check after you change the loan, equity, or collateral.

LOAN STRUCTURE

LOAN AMOUNT	INTEREST RATE	TERM	INTEREST-ONLY
$350,000	10.5%	120 months	None — fully amortizing

MONTHLY PAYMENT	EXISTING DS / MONTH	SBA 7(A) GUARANTEE (EST.)	UPFRONT GUARANTEE FEE (EST.)
$4,723	$0	75% · $262,500	$7,875

SBA figures use FY 2027 standard 7(a) rates (Information Notice 5000-881797 and 13 CFR 120.210). 3% of the guaranteed portion These are estimates, not a quote. The lender's annual service fee is paid by the lender.

Maximum loan you can support at 1.25x

Holding the current rate, term, and operating assumptions constant, these projections support a loan of up to **$466,884** before binding CFADS coverage falls below 1.25x (Year 1 1.25x, Year 2 2.25x). The current request is $350,000.

Alternative structures

STRUCTURE	LOAN	PAYMENT	EQUITY	Y1 DSCR	Y2 DSCR	1.25X?
Current structure	$350,000	$4,723	14.6 %	1.67x	3.00x	CLEARS
Longer term (180 months)	$350,000	$3,869	14.6 %	2.04x	3.66x	CLEARS
Longer term (240 months)	$350,000	$3,494	14.6 %	2.25x	4.05x	CLEARS
12 - month interest- only, then amortizing	$350,000	$3,062 IO, then $5,023	14.6 %	2.57x	2.82x	CLEARS
20 % equity injection (loan $328,000)	$328,000	$4,426	20.0 %	1.78x	3.20x	CLEARS
Maximum loan at 1.25x (same term)	$466,884	$6,300	- 13.9 %	1.25x	2.25x	CLEARS

SOURCES AND USES

USES	AMOUNT
Build- out	$180,000
Equipment and furniture	$120,000
Inventory and pre- opening	$35,000
Working capital (opening cash)	$60,000
Closing costs and fees	$15,000
Total uses	**$410,000**

SOURCES	AMOUNT
This loan	$350,000
Borrower equity injection	$60,000
Total sources	**$410,000**

Sources and uses balance. SBA guarantee fees are estimates and may be financed or paid in cash at closing, depending on the lender.

THREE-YEAR PROJECTED PROFIT AND LOSS (ANNUAL)

Years 1–2 are sums of the 24-month operating forecast used for the score. Year 3 extends the Year 2 run-rate by one more year of the entered Year 2 growth rate, with occupancy held flat. It is an extension of this forecast, not a separate appraisal.

	YEAR 1	YEAR 2	YEAR 3 (EXT.)
Revenue	$1,560,969	$1,756,019	$1,756,019
COGS	$457,213	$514,344	$514,344
Labor / payroll	$499,140	$535,420	$535,420
Rent / occupancy	$135,000	$135,000	$135,000
Other operating expenses	$328,839	$336,641	$336,641
EBITDA	$140,777	$234,615	$234,615
EBITDA margin	9.0%	13.4 %	13.4 %
CFADS	$94,499	$169,961	$169,961
Debt service	$56,673	$56,673	$56,673
Can your cash pay the loan?	1.67x	3.00x	3.00x

CFADS BUILD AND DSCR WALK

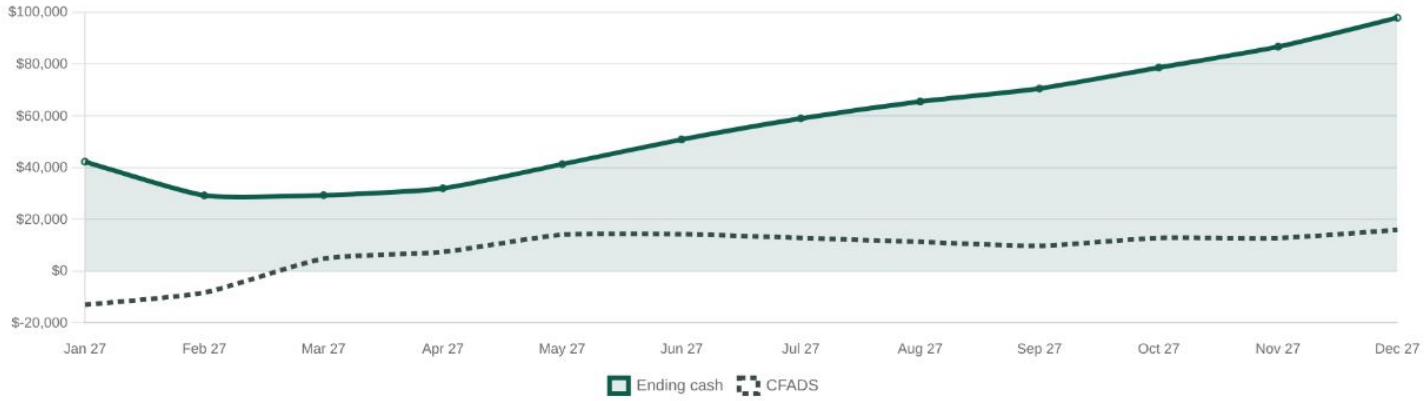
YEAR 1	AMOUNT
Profit before interest, taxes and depreciation	$140,777
Less: owner compensation not already in opex	$0
Less: income taxes (modeled)	$40,278
Less: distributions	$0
Less: unfunded / maintenance capex	$6,000
Cash available for the loan payment	**$94,499**
Annual loan payments	$56,673
Can your cash pay the loan? (DSCR)	1.67x
Same ratio using profit before interest, taxes and depreciation (reference only)	2.48x

YEAR 2	AMOUNT
Profit before interest, taxes and depreciation	$234,615
Less: owner compensation not already in opex	$0
Less: income taxes (modeled)	$58,654
Less: distributions	$0
Less: unfunded / maintenance capex	$6,000
Cash available for the loan payment	**$169,961**
Annual loan payments	$56,673
Can your cash pay the loan?	3.00x
Same ratio using profit before interest, taxes and depreciation (reference only)	4.14x

The walk should reconcile: profit before interest, taxes and depreciation, minus owner pay, tax, distributions, and unfunded capex, equals cash available for the loan payment. Year 1 reconstructs to $94,499 (cash available $94,499); Year 2 reconstructs to $169,961 (cash available $169,961). This assessment uses cash-available coverage, not the profit-only ratio.

YEAR 1 MONTHLY CASH FLOW

Opening cash (working capital) is $60,000. Each month adds CFADS and subtracts debt service. The cash low point is **$29,218 in Feb 27**.



MONTH	SALES	PROFIT BEFORE INTEREST, TAXES AND DEPRECIATION	CASH AVAILABLE FOR THE LOAN PAYMENT	LOAN PAYMENT	ENDIN
Jan 27	$79,607	−$12,551	−$13,051	$4,723	
Feb 27 · cash low	$89,514	−$7,785	−$8,285	$4,723	
Mar 27	$120,320	$7,036	$4,777	$4,723	
Apr 27	$127,621	$10,548	$7,411	$4,723	
May 27	$145,988	$19,385	$14,038	$4,723	
Jun 27	$146,610	$19,684	$14,263	$4,723	
Jul 27	$142,602	$17,755	$12,816	$4,723	
Aug 27	$138,324	$15,697	$11,273	$4,723	
Sep 27	$134,162	$13,695	$9,771	$4,723	
Oct 27	$142,602	$17,755	$12,816	$4,723	
Nov 27	$142,461	$17,687	$12,766	$4,723	
Dec 27	$151,158	$21,872	$15,904	$4,723	
Year 1 total	**$1,560,969**	**$140,777**	**$94,499**	**$56,673**	

Monthly sales should add to the Year 1 revenue on the profit-and-loss page ($1,560,969). Cash available for the loan payment and the loan payments should add to the Year 1 walk on the previous page.

HOW FAR CAN YOUR SALES FALL?

The answer below is a single, clearly defined measure, from the same Year 2 forecast used everywhere in this report: sales drop until **cash available for the loan payment just covers the payment (coverage of 1.00x)**.

Year 2 sales can fall **13.4%** from the plan of $1,756,019, to **$1,520,539**, before cash can no longer cover the loan payment.

MEASURE	WHAT IT MEANS	YEAR 2 SALES	DECLINE FROM PLAN
How far can your sales fall?	Sales drop until cash available for the loan payment just covers the payment (coverage of 1.00x).	**$1,520,539**	**13.4 %**
Bank's comfort level	The same calculation, but sales only fall until coverage holds at 1.25x — a common lender comfort level, not the point at which cash fails to cover the payment.	$1,549,989	11.7 %
Accounting break- even	Year 2 sales at which operating profit is zero (profit before interest, taxes and depreciation = 0), before loan payments. This is not the answer to "how far can sales fall?" against the loan.	$1,268,352	27.8 %

All three lines use the same Year 2 contribution margin and the same fixed costs. The 1.00x and 1.25x lines also subtract owner pay, taxes, distributions, and unfunded maintenance spending, then compare cash available with the Year 2 loan payments.

SENSITIVITY TABLE (YEAR 2 COVERAGE)

Rows are sales declines; columns are a Food cost increase increase, starting from the base forecast. This grid is a sensitivity, not the primary answer above. The most adverse combination that still meets the 1.25x minimum is sales −5% and food cost +4 pts (Year 2 coverage 1.76x). Coverage falls below 1.25x at sales −20% and no food cost increase (Year 2 coverage 0.75x). Coverage falls below 1.00x at sales −20% and no food cost increase (Year 2 coverage 0.75x).

	+0 PTS	+2 PTS	+4 PTS
No sales change	3.00x	2.64x	2.28x
- 5 % sales	2.44x	2.10x	1.76x
- 10 % sales	1.88x	1.56x	**1.23x**
- 15 % sales	1.32x	**1.02x**	**0.70x**
- 20 % sales	**0.75x**	**0.45x**	**0.15x**
- 25 % sales	**0.17x**	**−0.13x**	**−0.44x**
- 30 % sales	**−0.46x**	**−0.78x**	**−1.11x**

RATE-SHOCK TABLE

SHOCK	PAYMENT	Y1 : CAN CASH PAY THE LOAN?	Y2: CAN CASH PAY THE LOAN?	1 .25X?
Current rate	$4,723	1.67x	3.00x	CLEARS 1 .25X
+200 bp	$5,123	1.54x	2.76x	CLEARS 1 .25X
+300 bp	$5,330	1.48x	2.66x	TIGHT

SCENARIO COMPARISON

	BASE	DOWNSIDE	SEVERE
Year 1 : can cash pay the loan?	1.67x	**0.32x**	**−1.04x**
Year 2: can cash pay the loan?	3.00x	1.53x	**0.10x**
Year 1 coverage using profit before interest, taxes and depreciation (reference)	2.48x	0.75x	−0.90x
Cash low	$29,218 in Feb 27	$9,431 in Apr 27	−$106,211 in Dec 28
Year 2 sales	$1,756,019	$1,580,417	$1,404,815

INDUSTRY BENCHMARK COMPARISON

Your Year 2 run-rate versus typical full-service restaurant ranges used in this assessment (conservative public-benchmark bands, not a formal RMA extract).

OUTSIDE TYPICAL RANGE
4 metrics sit outside the typical industry range: Other operating expenses % of sales; Year 2 EBITDA margin; Year 2 sales growth assumption; Maintenance capex % of Year 2 sales. Be ready to explain these to a lender.

METRIC	YOUR VALUE	TYPICAL RANGE	STATUS	WHAT IT MEANS
COGS % of sales	29.3 %	28–36 %	IN RANGE	Inside the typical industry range.
Labor / payroll % of sales	30.5 %	28–36 %	IN RANGE	Inside the typical industry range.
Rent / occupancy % of sales	7.7 %	6–10 %	IN RANGE	Inside the typical industry range.
Other operating expenses % of sales	19.2 %	10 –16 %	ABOVE RANGE	Higher than the typical range — a lender may ask you to explain the cost.
Year 2 EBITDA margin	13.4 %	6–12 %	ABOVE RANGE	Above the typical range — be ready to support it.
Year 2 sales growth assumption	0.0 %	2–6 %	BELOW RANGE	Below the typical range.
Maintenance capex % of Year 2 sales	0.3 %	2–4 %	BELOW RANGE	Lower than the typical range — a lender may view this as optimistic unless supported.
Equity injection	14.6 %	10 –20 %	IN RANGE	Inside the typical industry range.

WHAT BACKS THE LOAN (collateral)

ASSET	STATED VALUE	ADVANCE RATE	LENDABLE
Real estate	$0	80 %	$0
Equipment / vehicles	$120,000	50 %	$60,000
Inventory	$35,000	40 %	$14,000
Accounts receivable	$0	75 %	$0
FF&E / leasehold	$0	15 %	$0
Total lendable			**$74,000**

UNSECURED COLLATERAL SHORTFALL
Coverage is 0.21x of the $350,000 loan. Unsecured shortfall: **$276,000**. A shortfall is a condition (unsecured exposure), not an automatic decline.

GLOBAL CASH FLOW AND GUARANTOR

Guarantor share of the business is 100%. Income $90,000, living expenses $42,000, personal debt service $15,000. Global DSCR is 1.99x in Year 1 and 3.04x in Year 2 (binding 1.99x CLEARS 1.25X).

MONEY YOU'RE PUTTING IN (equity injection)

Equity is **14.6%** ($60,000 of a $410,000 project). The policy minimum in this file is 10.0%. TEST MET Common SBA-style guidance for many startups and ownership changes is about 10%.

KEY RATIOS

RATIO	YEAR 1	YEAR 2	STATUS	NOTE
Can your cash pay the loan?	1.67x	3.00x	CLEARS 1.25X	Assessment basis; floor 1.25x
EBITDA DSCR	2.48x	4.14x	REFERENCE	Reference only
Debt / EBITDA	—	1.5x	IN RANGE	Requested loan ÷ Year 2 EBITDA
Loan- to- project- cost (LTC)	85.4 %	85.4 %	IN RANGE	Loan ÷ project cost; complement of equity
Fixed- charge coverage	—	1.59x	CLEARS 1.25X	(CFADS + occupancy) ÷ (debt service + occupancy)
Current ratio	—	—	NOT ENTERED	Not available — current assets and liabilities were not entered.

KEY RISKS AND MITIGANTS

- Ramp risk: the first months are underwritten at as low as 60.9% of stabilized volume, and Year 1 CFADS coverage on the Base forecast is 1.67x. Mitigant: monthly reporting through month 12 and a three-month debt-service reserve of $14,168.
- Cash trough: the low month-end balance on the Base forecast is $29,218 in Feb 27, equal to 6.2 mo of debt service. Mitigant: hold a minimum cash covenant of at least one month of payments ($4,723).
- Operating costs at the Base run-rate are within Full-service restaurant benchmarks, but a sustained increase in food cost would compress coverage (see the stress summary). Mitigant: review cost ratios quarterly against the benchmarks in this memo.
- Demand and cost stress: the Downside case takes CFADS coverage to 0.32x / 1.53x, below 1.00x. Because the Base cash cushion is 6.2 mo, this remains a sensitivity rather than a policy decline. Mitigant: early notice if sales or costs trend toward the Downside case, and the reserve and reporting conditions in this memo where they apply.
- Leverage: loan-to-project-cost is 85.4% and equity is 14.6%. Mitigant: require the equity injection to be funded before or at closing, and personal guarantees from owners of 20% or more.

REQUIRED ACTIONS / CONDITIONS TO APPROVE

CONDITIONS OF APPROVAL
Each item is a condition of approval and should be documented in the commitment.

1. Require an unlimited personal guarantee from any owner of 20% or more of the borrower.
2. Document the unsecured shortfall of $276,000 (lendable collateral $74,000 versus the $350,000 loan, coverage 0.21x). This is a condition, not an automatic decline. Take a UCC-1 on business assets and personal guarantees; do not decline solely on the shortfall.

TALKING POINTS TO PREPARE YOUR OWN LOAN REQUEST

Example Bistro LLC is a full-service restaurant requesting $350,000 at 10.5% for 120 months to fund a $410,000 project. Use of funds: build-out $180,000; equipment and furniture $120,000; inventory and pre-opening $35,000; working capital (opening cash) $60,000; closing costs and fees $15,000. The borrower will inject $60,000 (14.6%).

Repayment is from operating cash flow. On the Base forecast, Year 1 CFADS coverage is 1.67x and Year 2 is 3.00x, against a 1.25x policy minimum. The file shows 8 years of industry experience. Lendable collateral leaves a $276,000 unsecured shortfall, which we expect to address with a UCC-1, guarantees, and any additional assets that can be pledged. The owner is prepared to accept the conditions listed above and to provide the remaining items on the documents checklist.

We ask the lender to consider this request on the terms modeled here, or on one of the alternative structures that still clear 1.25x coverage.

DOCUMENTS CHECKLIST

This list starts from the 23 documents on the website checklist. Status uses the boxes you checked on the site. Some items may not apply to this request, and are marked that way. **13 of 23 checked** (7 missing, 3 may not apply). 2 additional items often requested for this type of business are listed here for preparation and do not change the 23-item count used in the score.

ITEM	STATUS	WHY THE LENDER WANTS IT / TIP
Entity documents (articles, operating agreement or bylaws, EIN letter)	HAVE	The lender must confirm who the borrower is and who has authority to sign. *Bring a current operating agreement and a W-9 / EIN letter that match the legal name on the application.*
Business tax returns (last 3 years)	MAY NOT APPLY	Tax returns are the starting point for historical cash flow and add-backs. *If this is a true startup with no filing history, the lender may waive business returns but will still want personal returns.*
Personal tax returns for owners of 20% or more (last 3 years)	HAVE	SBA and most conventional lenders underwrite the guarantors as well as the business. *Include all schedules (C, E, K-1s). A missing year is one of the most common file delays.*
IRS Form 4506-C (tax transcript authorization)	MISSING	Lenders use transcripts to confirm that the returns they received match IRS records. *Use the current 4506-C and list every entity and individual who will guarantee. Do not leave the tax-year boxes blank.*
Year-to-date / interim profit and loss statement	MISSING	The lender needs results since the last tax year to test whether the forecast is on track. *Date it, and use the same accounting method as the tax returns. Include a month count so annualization is clear.*
Year-to-date / interim balance sheet	MISSING	Shows liquidity, existing debt, and whether equity on the application is already in the company. *Tie cash to the bank statements and debt to the debt schedule.*
Accounts receivable and payable agings	MISSING	Aging shows collection risk and whether working capital in the request is justified. *If you do not carry A/R or A/P (common for many cash businesses), say so in a one-line note rather than leaving a gap.*
Debt schedule (business and personal)	MISSING	Existing payments go into DSCR and global cash flow; undisclosed debt is a trust issue. *List creditor, balance, payment, rate, maturity, and collateral for every facility, including equipment leases and HELOCs.*
Personal financial statement (SBA Form 413)	MISSING	Required for SBA 7(a) guarantors and used to test liquidity and net worth. *Sign and date it. Joint statements should be clearly marked, and values should match tax returns and statements.*
SBA Form 1919 (Borrower Information Form)	MISSING	Standard SBA 7(a) borrower and guarantor disclosure, including eligibility questions. *Complete it for the entity and each 20%+ owner. Answer the criminal, default, and affiliation questions carefully.*
Owner and manager resumes	HAVE	Experience is part of the credit decision, especially for a startup or a new concept. *Highlight years in this industry, prior P&L responsibility, and any licenses or certifications.*
Business plan and projections, with written assumptions	HAVE	The lender will compare your forecast with history and with industry benchmarks. *Use these figures to check your own projections, or your accountant's, and spell out ramp, pricing, staffing, and rent assumptions in plain language.*
Lease, lease assignment, or letter of intent for the site	HAVE	Site control and rent are central to occupancy cost and to whether the project can close. *A signed lease or a clear LOI with term, options, and rent schedule is much stronger than a verbal understanding.*

DOCUMENTS CHECKLIST (CONTINUED)

ITEM	STATUS	WHY THE LENDER WANTS IT / TIP
Purchase agreement or bill of sale (acquisitions)	MAY NOT APPLY	For a business or asset purchase, the lender must see price, assets, exclusions, and conditions. *If this is not an acquisition, mark it not applicable. If it is, include all exhibits and the allocation of the purchase price.*
Equipment quotes or invoices	HAVE	Supports the equipment line in sources and uses and becomes collateral documentation later. *Recent vendor quotes (ideally 90 days or less) should add up to the equipment amount in the project budget.*
Construction or contractor quotes, plans, and permits	HAVE	Build- out overruns are a common cause of shortfall after closing. *Use written bids, include contingency, and be ready to show permit status before the first disbursement.*
Licenses and permits	HAVE	The business cannot legally operate — or the loan cannot fully disburse — without them. *Include what you have and a short list of what is still in process, with expected dates.*
Insurance certificates or binders (liability, property, workers' comp, and any required coverage)	HAVE	Lenders require evidence of coverage, often with the lender listed as mortgagee or loss payee. *Ask your agent for a certificate that names the lender once the commitment is issued; binders are fine pre- closing.*
Franchise disclosure document (FDD) and franchise agreement	MAY NOT APPLY	For a franchise, SBA and most banks review the FDD, fees, territory, and agreement term. *Not applicable unless this location is a franchise.*
Business bank statements (typically 3–6 months)	HAVE	Used to verify deposits, overdrafts, and the cash that will fund the equity injection. *Complete statements, all pages, including images of checks if the bank provides them.*
Personal bank statements for the guarantor(s)	HAVE	Confirms liquidity for equity injection, closing costs, and the post- close cash reserve. *Statements should show the source of the equity you plan to inject, not just an ending balance.*
Equity- injection source documentation	HAVE	SBA and most lenders must see seasoned, allowable funds (savings, gift, home- equity, sale of an asset). *A paper trail of 60 days or more in the account, plus a gift letter if a gift is used, prevents last- minute delays.*
Collateral documents (titles, UCC searches, appraisals or equipment lists)	HAVE	Advance rates in this report are estimates; the lender will document and value each asset. *Have titles, serial numbers, and a current equipment list ready. Real estate usually needs an appraisal ordered by the lender.*
Health permit / food- service license	MISSING	A restaurant or food business cannot open without a health permit, and the lender will confirm it. *If the permit is pending on a build- out, include the application and the expected inspection date.*
Liquor / beer- and- wine license (or transfer application)	MISSING	Beverage sales and the associated license are often a material part of cash flow and of enterprise value. *Show current license status, any transfer conditions, and whether operations can start without it.*

Checking an item on the website raises the documents factor in the score, which is based on these 23 checklist items. Industry-specific extras are included below as a preparation aid; they do not change that 23-item count.

QUESTIONS A LENDER IS LIKELY TO ASK

Ten questions a credit officer is likely to ask, with suggested answers built from the numbers in this file. Adapt the wording so it sounds like you, and do not over-claim.

1. How will the loan be repaid, and what happens if sales are slower than the plan?
Primary repayment is cash flow from full-service restaurant operations. Year 1 coverage (cash available for the loan payment divided by the payment) is 1.67x and Year 2 is 3.00x. Year 2 sales can fall 13.4% from the plan before cash no longer covers the payment (coverage of 1.00x). To stay at the bank's typical 1.25x comfort level, sales can fall 11.7%. The Downside case is shown in this report.

2. Why this loan amount, and could you do with less?
The request is $350,000 against a $410,000 project (14.6% equity). On the same term and rate, these projections support up to $466,884 at 1.25x CFADS coverage. Alternative structures (longer term, interest-only, more equity) are compared in the loan-structure section.

3. Where is the equity injection coming from, and is it already in the bank?
Equity is $60,000 (14.6% of project cost). Be ready to show seasoned funds on personal or business statements. A lender will want the injection in before or at closing, with a paper trail (see the documents checklist).

4. What collateral is available, and how do you address any shortfall?
Lendable collateral is $74,000 against a $350,000 loan, a shortfall of $276,000. That is typically treated as unsecured exposure and a condition (UCC-1, guarantees), not an automatic decline. Adding titled equipment or other assets would close the gap.

5. What is your experience in this business, and who will run it day to day?
The file shows 8 years of industry experience. Use the resume exhibit to name the operator, their years in full-service restaurant, and who covers the operation if that person is away.

6. How does this forecast compare with your history and with industry benchmarks?
Year 2 sales are $1,756,019. This file is presented as a startup, so the lender will lean on the assumptions, equity, and experience. Industry benchmark comparisons for COGS, labor, occupancy, and EBITDA are in this report.

7. What existing debt do you have, and what is the global picture for the guarantor?
Global DSCR is 1.99x (Year 1 1.99x, Year 2 3.04x), using $90,000 of guarantor income, $42,000 of living expenses, and $15,000 of personal debt service. Existing business debt service entered on this file is $0 a month.

8. When is the cash tightest, and how will you get through the ramp?
The low month-end cash on the Base forecast is $29,218 in Feb 27, about 6.2 months of debt service. Opening working capital is $60,000. A three-month debt-service reserve would be $14,168.

9. What conditions would you expect a lender to impose?
On this file the coverage and cash tests point to "Would likely need adjustments." Typical items to be ready for include a personal guarantee from 20%+ owners, a lien on business assets, reporting during the ramp, and documentation of any collateral shortfall or reserve. The conditions section of this report lists the items that follow from these numbers.

10. Why should the bank do this loan for Example Bistro LLC?
Example Bistro LLC is requesting $350,000 for a $410,000 full-service restaurant project, with 14.6% equity and Base Year 1 / Year 2 CFADS coverage of 1.67x / 3.00x. The package should emphasize the repayment source, the equity already committed, the operator's experience, and the specific conditions you are prepared to accept.

NEXT STEPS (30 / 60 / 90 DAYS)

30 days

- Collect the missing file items, starting with tax returns, interim financials, the debt schedule, and personal financial statement (SBA Form 413).
- Document the source of the $60,000 equity injection and keep those funds seasoned in the account.
- Walk through the top fixes in this report and decide which ones you will complete before you approach a lender.

60 days

- Complete SBA Forms 1919 and 4506-C, resumes, and the business plan. Use this report to check your own projections, or your accountant's — not as an exhibit to hand to a lender.
- Obtain current equipment or construction quotes that tie to the sources-and-uses table.
- Work down the remaining 9 checklist items that are still marked missing.

90 days

- Choose a lender (SBA 7(a) preferred-lender or conventional), request a term sheet, and be ready to discuss the conditions in this report.
- Order or update insurance binders and, if real estate or specialized equipment is pledged, be ready for an appraisal or inspection.
- Re-run this readiness check with any new quotes, a revised loan amount, or updated interim results before you sign a commitment.

GLOSSARY

Cash available for the loan payment (CFADS). Profit before interest, taxes and depreciation, minus owner compensation not already in operating costs, income taxes, distributions, and unfunded capital spending.

Can your cash pay the loan? (debt service coverage, DSCR). Cash available for the loan payment divided by the year's loan payments. Many lenders want at least 1.25x. A ratio using profit before interest, taxes and depreciation is shown only as a reference.

Profit before interest, taxes and depreciation (EBITDA). Operating profit before financing and non-cash charges.

Money you're putting in (equity injection). The cash (or allowable equity) you put into the project. Many SBA 7(a) startups are asked for about 10%.

What backs the loan (collateral). Assets pledged to the loan. A lender counts only a share of stated value (the advance rate). A shortfall is often a condition, not an automatic decline; SBA 7(a) loans can be partly unsecured when the owner has pledged available assets.

LTC. Loan-to-cost (or loan-to-project-cost): the loan divided by total project uses.

Owner + business cash flow (global DSCR). Combined coverage of the business and the guarantor's personal cash flow, after living expenses and personal debt service.

Advance rate. The share of an asset's stated value a lender will count as lendable collateral (for example 50% of equipment).

Interest-only (IO). A period when the payment is interest only; the loan then amortizes over the remaining term.

SBA 7(a). The Small Business Administration's flagship guaranty program. The SBA guarantees a portion of the loan to the lender; it is not a direct grant to the borrower.

4506-C. IRS form authorizing the lender to request tax transcripts to confirm the returns in the file.

SBA Form 413. Personal financial statement required of 7(a) guarantors.

SBA Form 1919. Borrower information form used in SBA 7(a) applications.

UCC-1. A public filing that perfects a lender's security interest in business personal property.

Fixed-charge coverage. Here, (CFADS + occupancy) ÷ (debt service + occupancy) — a simple view of coverage after treating rent as a fixed charge.

How far can your sales fall?. How far Year 2 sales can drop from the plan before cash available for the loan payment just covers the payment (coverage of 1.00x). The bank's 1.25x comfort level and accounting break-even (profit = 0) are shown separately on the same basis.

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