



## **CAN I QUALIFY FOR A BBIF LOAN?**

**Do you have a good personal credit history?** Yes\_\_\_\_\_ No\_\_\_\_\_

- Research indicates that a good personal credit history is one of the most important factors in identifying borrowers that will repay their commercial loans. Many loan programs require perfect personal credit in order to qualify.
- If you do not have a recent credit report, you may order one at a cost of \$8.00 for each report from the following reporting agencies;
  - Equifax – 1-800-685-1111
  - Experian – 1-800-392-1122
- If you have credit issues and they can be explained by a one-time incident such as medical problems, provide information on the problem and how it has been rectified.
- If you have had a bankruptcy in the past 10 years, or have slow payments, collections, judgments, etc. then it may be difficult to obtain financing at this time. If the poor credit history can be explained by a particular incident, supply information on the situation and how you attempted to repair the past credit problems. If you have consistent credit problems, you will need to “repair” your credit history and rebuild your credit. Contact a credit and debt counseling service in your community for assistance.

**Have you filed your personal and business income taxes?** Yes\_\_\_\_\_ No\_\_\_\_\_

Lenders and government loan programs alike want to see that an individual and small business have met their tax obligations for both filing and paying taxes. For SBA loans, tax verification on the business returns are obtained from the IRS before a loan is closed.

**Are your income taxes paid?** Yes\_\_\_\_\_ No\_\_\_\_\_

Many of the loan programs are in partnership with government agencies. The BBIF does not look favorably on individuals who have unpaid income taxes.

**Have you demonstrated that your business has the ability to repay a loan?** Yes\_\_\_\_\_ No\_\_\_\_\_

- For existing businesses – If the business is profitable, then there are demonstrated profits to repay some amount of new debt. If a business is not profitable, then it becomes very important to prove how it will be profitable in the near future so that a loan can be repaid. The Small Business Development Centers (SBDC) have workshops and individual counseling to assist you in this process. The SBDC is located at 315 E. Robinson Street, Suite 100 in the Landmark 1 building, Orlando, FL 32801.
- For start-up businesses – It is very important that you find as much data on comparable businesses or industry statistics in order to “prove” the revenues you intend to generate and the expenses you

anticipate incurring. This is a primary part of your business plan. SBDC workshops can assist you in preparation of your business plan.

**Does your business have a positive net worth? Yes\_\_\_ No\_\_\_**

- For existing business – The net worth of the business should be positive. If there are loans from shareholders on the balance sheet and you are able to subordinate the loan (not pay the shareholders) while you pay the BBIF loan back, you may consider these loans from shareholders as equity.

**Is your business not carrying too much debt? Yes\_\_\_ No\_\_\_**

- For existing businesses – Businesses that have too much debt will find that their profits are directed at paying back loans and not building retained earnings in the business that can fund future growth. Consequently, BBIF looks more favorably at loan requests that do not add too much debt to the business. BBIF often looks for a debt to net worth ratio of 4 or less (total liabilities divided by equity). SBDC counselors can assist you in assessing your debt situation.

**Do you have enough money of your own to put into the business? Yes\_\_\_ No\_\_\_**

- For start-up businesses – All loan programs require that the business owner put their own money in the business. This owner equity injection shows that the owner believes in the business enough to risk their own money. Some programs require only 10% capital injection; other programs require at least 30%. The BBIF has no fixed percentage requirements but looks more favorably on a loan request when adequate capital will be injected into the business.

**Do you have any collateral to secure a business loan? Yes\_\_\_ No\_\_\_**

- Business and personal assets can be considered collateral. The BBIF also looks for a secondary source of repayment or a way to repay the loan if the business defaults on a loan. Most collateral is valued at an amount less than face value based on the type of collateral. Although the BBIF loan program states that collateral can not be the only factor that would lead to a denial, the more collateral one has, the more likely an application will be favorably considered.

**Are you willing to personally guarantee a loan? Yes\_\_\_ No\_\_\_**

- All owners of 20% or more of the business are asked for a personal guarantee in order to obtain financing from the BBIF.

**Does your business have managers and advisors capable of leading your business to the next level of growth? Yes\_\_\_ No\_\_\_**

- For existing businesses – As businesses expand, they need more sophisticated management as it relates to strategic planning, marketing, recordkeeping, inventory control, personnel, etc. If there are sectors of your business that you need assistance with, we strongly recommend that you attend the BBIF's technical assistance program, contact the BBIF office for further information (407) 649-4780.

**Do you have experience in running your own business? Yes\_\_\_ No\_\_\_**

- For start-up businesses - For a new business especially, it is important for the business owner to demonstrate that he/she has experience in the industry and/or entrepreneurial experience. If you have

never owned or operated a small business before, we strongly recommend that you attend one of the SBDC's entrepreneurial training classes.

**STOP! If you can not answer "yes" to all the questions above, then you may not be adequately prepared to apply for financing at this time. We suggest that you evaluate the needs of your business and take advantage of the BBIF technical assistance program and SBDC's workshops in your community.**

**GO! If you can answer "yes" to all the questions above, please contact the BBIF at (407) 649-4780 to get information on our loan programs.**