

Contribute

SBA Credit Scoring process for 7a loans which the EIDL program uses to streamline the process.



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Unsatisfactory credit history, the stop to many that may have been a mistake but also may be true. Lets make sure we dont add disaster debt burden on our business and our household that can not be repaid. Whats the reason? Lets explore more options.

Will the SBA use my personal or business credit? Both, if you owner 20% or more of the company. Let's keep this as our one fixed variable for this article.

If you have good or excellent credit scores the SBA will provide you an EIDL based on credit score alone.

If you have acceptable credit scores the SBA may perform additional analysis of your personal and business credit history.

Let's take the "Unsatisfactory credit history" review and discuss what you can do to turn things around.

Let's write a brief to submit to the SBA for your loan or EIDL reconsideration or your appeal if your reconsideration has been declined.

1. Collect personal financial statements of owners and guarantors that are showing consistent information for analysis.
2. Business tax returns that can be used for confirmation, verification and reconciliation against supplied business financials.
3. Present a signed IRS Form 4506-T offering up to 3 years of returns.
4. Write a brief history of your business.
5. Write a company management team bio or introduction.

If you are offering collateral to secure your loan be sure you create your estimates based on 80% of the current market value. You will have to provide:

1. Detailed description of collateral with it's estimated market value.

Provide any additional information that will add financial strength to your ability to repay. Forecast earnings during the disaster and when the disaster clears for example.

You are not limited to just what I have discussed in this article. Think of this as the minimum requirements for reconsideration. If you are filing an appeal on your declined reconsideration you would want to add additional information for analysis that will support your need for the loan and your ability to repay the loan.

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