



LOAN PACKAGE DEVELOPMENT FOR EXISTING BUSINESS

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*A partnership program with the
U. S. Small Business Administration and
the University of Arkansas at Little Rock*

Introduction

The purpose of this workbook is to assist you in developing a professional loan package. Enclosed you will find the tools needed to accurately complete your loan package, including a checklist, SBA forms, cash management templates, and other tools to help you gather important documents and assist in the decision-making process of your business venture.

Worksheets included in this workbook are:

1. Small Business Development Loan Checklist
2. Statement of Personal History
3. Personal Financial Statement
4. Management Resume
5. Project Cost Worksheet
6. Projected Sales Revenue Worksheet
7. Projected Cost of Goods Sold Worksheet
8. Projected Labor Expense Worksheet
9. Projected Operating Expense Worksheet
10. Writing an Executive Summary

The information requested in the enclosed workbook is for accurate preparation of your small business loan application. Please take some time in completing these worksheets. Your proposal may be reviewed by someone you have not spoken with directly. Therefore, it is important that you include enough information for them to get a good impression and understanding of your proposed venture. Be sure to include any special factors that may improve your chance for success. If you have any questions or concerns in completing these forms, please contact us at (870) 230-5224.

When the workbook is complete and you have gathered all required documents, please mail the information to the consultant. If you prefer, you may call to schedule an appointment. The consultant will review the information and notify you when the packet is complete or when more information or clarification is needed to complete the loan package.

NOTICES REQUIRED BY LAW

The following is a brief summary of the laws applicable to this solicitation of information.

Paperwork Reduction Act (44 U.S.C. Chapter 35)

SBA is collecting the information on this form to make a character and credit eligibility decision to fund or deny you a loan or other form of assistance. The information is required in order for SBA to have sufficient information to determine whether to provide you with the requested assistance. The information collected may be checked against criminal history indices of the Federal Bureau of Investigation.

Privacy Act (5 U.S.C. § 552a)

Any person can request to see or get copies of any personal information that SBA has in his or her file, when that file is retrievable by individual identifiers, such as name or social security numbers. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act.

Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. Disclosures of name and other personal identifiers are, however, required for a benefit, as SBA requires an individual seeking assistance from SBA to provide it with sufficient information for it to make a character determination. In determining whether an individual is of good character, SBA considers the person's integrity, candor, and disposition toward criminal actions. In making loans pursuant to section 7(a)(6) the Small Business Act (the Act), 15 USC § 636 (a)(6), SBA is required to have reasonable assurance that the loan is of sound value and will be repaid or that it is in the best interest of the Government to grant the assistance requested. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC § 636(a)(1)(B). Further, for all forms of assistance, SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC §§ 634(b)(11) and 687b(a). For these purposes, you are asked to voluntarily provide your social security number to assist SBA in making a character determination and to distinguish you from other individuals with the same or similar name or other personal identifier.

When this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature, SBA may refer it to the appropriate agency, whether Federal, State, local, or foreign, charged with responsibility for or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. See 56 Fed. Reg. 8020 (1991) for other published routine uses.

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

Section 7. Other Liabilities. (Describe in detail.)

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature: _____ Date: _____ Social Security Number: _____

Signature: _____ Date: _____ Social Security Number: _____

PLEASE NOTE: The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. PLEASE DO NOT SEND FORMS TO OMB.

MANAGEMENT RESUME

A. PERSONAL DATA

FULL NAME		
ADDRESS (STREET, CITY, STATE, ZIP CODE)		
PHONE NUMBER	SOCIAL SECURITY NUMBER	BIRTH DATE
HOME	WORK	
MARITAL STATUS SINGLE <input type="checkbox"/> MARRIED <input type="checkbox"/> DIVORCED <input type="checkbox"/> SEPARATED <input type="checkbox"/> WIDOWED <input type="checkbox"/>	GENERAL CONDITION OF HEALTH	PHYSICAL IMPAIRMENTS, DISABILITIES
	SPOUSE'S FULL NAME	
	SPOUSE'S OCCUPATION	
	CHILDREN'S NAMES AND AGES	

B. EDUCATION

	NAME & ADDRESS OF SCHOOL	DATES ATTENDED		MAJOR COURSE(S)	GRADUATED	
		FROM	TO		YES	NO
HIGH SCHOOL						
COLLEGE						
TRADE, TECHNICAL OR VOCATIONAL						
OTHER						
CIRCLE HIGHEST GRADE COMPLETED		1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16				

C. WORK EXPERIENCE

PRESENT OR LAST EMPLOYER	DATES EMPLOYED FROM TO
ADDRESS	POSITION
DUTIES & RESPONSIBILITIES	REASON FOR LEAVING
PREVIOUS EMPLOYER	DATES EMPLOYED FROM TO
ADDRESS	POSITION
DUTIES & RESPONSIBILITIES	REASON FOR LEAVING
PREVIOUS EMPLOYER	DATES EMPLOYED FROM TO
ADDRESS	POSITION
DUTIES & RESPONSIBILITIES	REASON FOR LEAVING

Project Cost Worksheet

Purpose

Completion of this worksheet should provide the consultant with the total cost of starting the venture.

Directions

In Column 1, show the amount you expect to borrow for the category listed. In Column 2, show the amount you will contribute for the category listed. Column 3 will then be the total start up needs for a particular category. If a category does not apply, skip it.

<u>Category</u>	<u>Provided by Loan</u>	<u>Provided by Applicant</u>	<u>Category Total</u>
1. Land Acquisition	_____	_____	_____
2. Land Improvements	_____	_____	_____
3. Building	_____	_____	_____
4. Building Improvements	_____	_____	_____
5. Leasehold Improvements	_____	_____	_____
6. Equipment	_____	_____	_____
7. Furniture/Fixtures	_____	_____	_____
8. Vehicles	_____	_____	_____
9. Franchise Fee	_____	_____	_____
10. Merchandise Inventory	_____	_____	_____
11. Working Capital	_____	_____	_____
12. Other-Explain Below	_____	_____	_____
PROJECT TOTALS	_____	_____	_____

Explanation of Item 12:

Explain the source of assets you will be contributing to the business:

HOW TO PREPARE THE PROJECTED SALES REVENUE WORKSHEET

Month	Write in the months for your projected twelve-month calendar	12-Mo. Total
+ Sales: Product 1 + Sales: Product 2 + Sales: Product 3 <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> + Other Sales <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> + Gross Sales	<p style="text-align: center;">Enter your projected sales by month for each product of service</p> <hr style="border: 0; border-top: 1px solid black; margin: 10px 0;"/> <p style="text-align: center;">Sum each month's total sales</p>	<p>Sum your twelve- month totals and enter in this column</p>
- Returns	<p>List your projected amount of product returns, by month</p>	
= Net Sales	<p>Subtract the projected monthly returns from the projected gross sales to yield Net Sales</p>	

PROJECTED SALES REVENUE WORKSHEET

Month														12-Mo. Total
+ Sales Product: 1														
+ Sales Product: 2														
+ Sales Product: 3														
+ Other Sales														
+ Gross Sales														
- Returns														
= Net Sales														

Sales Revenue Assumptions:

1. The sources of information for my sales projection are: _____

2. If the total market demand for my product/service =100%, my projected sales volume represents _____% of this total market.
3. The following factors might lower my sales projections: _____

HOW TO PREPARE THE PROJECTED COST OF GOODS SOLD WORKSHEET

Month:	Write in the months for your projected twelve-month calendar	12-Mo. Total
+Beginning Merchandise Inventory	Enter the beginning balance of inventory each month	Sum your twelve-month totals and enter in this column
+Net Purchases	Record each month's projected purchases of inventory	
+Freight In	Enter freight charges for inventory purchases	
=Total Merchandise Available for Sale	Sum beginning inventory, purchases, and freight costs to arrive at value of total merchandise available for sale	
- Ending Merchandise Inventory	Enter your projected amount of inventory on hand at the end of each month	
=Cost of Goods Sold	Subtract ending inventory from total merchandise available to get Cost of Goods Sold	

NOTE: This worksheet does not include direct labor costs as part of total cost of goods sold. Labor costs would properly be part of cost of goods sold of manufacturers and some other types of businesses.

HOW TO PREPARE THE PROJECTED LABOR EXPENSE WORKSHEET

Month =	Write in the months for your projected twelve-month calendar	12 Mo. Total
+ Owner's Salary + Employee 1 + Employee 2 + Employee 3 + Employee 4	Enter amount of owner's monthly salary from business Enter each employee's monthly wages. To compute, multiply hourly wage by estimated hours per week times 4.3 weeks per month.	Sum your twelve-month totals and enter in this column
= Total Wages	Sum owner's salary and all employees' wages, by month	
+ FICA + FUTA + SUTA + Worker's Comp Ins. + Employee Benefits	Multiply "Total Wages" by FICA rate * Multiply "Total Wages" by FUTA rate * Multiply "Total Wages" by SUTA rate * Enter projected cost of worker's compensation insurance Enter monthly costs of any additional benefits (health/life insurance, etc.)	
= Total Labor-Related Expense	Sum all labor-related expense, by month	

* FICA = social security and medicare tax
 FUTA = federal unemployment tax, based on first \$7,000 of wages per employee
 SUTA = state unemployment tax, based on first \$8,000 of wages per employee

PROJECTED LABOR EXPENSE WORKSHEET

Month =		12 Mo. Total
+ Owner's Salary		
+ Employee 1		
+ Employee 2		
+ Employee 3		
+ Employee 4		
= Total Wages		
+ FICA		
+ FUTA		
+ SUTA		
+ Worker's Comp Ins.		
+ Employee Benefits		
= Total Labor-Related Expense		

Labor Expense Assumptions:

The sources of my cost estimates in the following areas are:

Payroll Taxes: _____

Employee Benefits: _____

Worker's Compensation Insurance: _____

Hourly Wage Rate: _____

HOW TO PREPARE THE PROJECTED OPERATING EXPENSE WORKSHEET

Month =	Write in the months for your projected twelve-month calendar	12-Mo. Total
+ Total Wages	Enter total wages, by month, from Projected Labor Expense Worksheet	Sum your twelve-month totals and enter in this column
+ Labor-Related Exp.	Enter total labor-related expense, by month, from Projected Labor Expense Worksheet	
+ Commissions	Enter total monthly commissions paid to sales staff	
+ Advertising		
+ Auto/Truck		
+ Bad Debts	Projected bad debt expense on customer sales	
+ Bank Charges	Estimated bank fees on business checking accounts, bank credit card charges, etc.	
+ Depreciation	Estimated monthly depreciation expense on fixed assets (e.g., building, equipment) owned by business	
+ Freight Out/Postage		
+ Insurance	Projected business insurance costs (e.g., liability, building and property, business interruption, etc.)	
+ Legal/Accounting		
+ Rent		
+ Repairs/Maintenance	Projected facility upkeep or repairs per month	
+ Supplies		
+ Taxes/Licenses	Projected property taxes, privilege license fees, etc.	
+ Travel/Entertainment		
+ Utilities/Telephone		
+ Miscellaneous	Estimated amount for unplanned or unknown costs, by month	
= Total Operating Exp.	Sum of all operating expenses, by month	

NOTE: Enter projected monthly costs for each category of operating expense listed on the left; additional comments are offered for some cost items.

PROJECTED OPERATING EXPENSE WORKSHEET

Month =													12-Mo. Total
+ Total Wages													
+ Labor-Related Exp.													
+ Commissions													
+ Rent													
+ Utilities/Telephone													
+ Freight Out/Postage													
+ Repairs/Maintenance													
+ Advertising													
+ Supplies													
+ Insurance													
+ Auto/Truck													
+ Legal/Accounting													
+ Taxes/Licenses													
+ Bank Charges													
+ Bad Depts													
+ Depreciation													
+ Travel/Entertainment													
+ Miscellaneous													
= Total Operating Exp.													

Operating Expense Assumptions:

The sources of my cost estimates in the following areas are:

- Rent _____
- Utilities/Telephone _____
- Advertising _____
- Insurance _____
- Legal/Accounting _____
- Depreciation _____

Writing an Executive Summary

An executive summary is a brief overview of your business. It should include important facts, such as sales growth, profitability, and strategic focus. The executive summary should match your purpose for requesting a loan.

As a rule, your first paragraph should include your business name, the products and services, the business location, and the nature and purpose of the development plan. You might also refer to the keys to success for your business.

Another paragraph should highlight important points. Projected sales and profits are normally included, as well as unit sales and profitability. You may want to include new products or services, or any other plans you have for developing your business.

Sample:

Mike's Trucking Service (Mike's Trucking) is a Dallas, Texas-based trucking company whose mission is to become one of the largest trucking companies servicing the United States. The company's strategy is to consolidate its excellent customer and client service by making timely deliveries, hiring the best drivers, and having a competitive pricing structure. Mike's Trucking plans to acquire the best equipment for the job.

Mike's Trucking will focus mainly on the food industry companies in the United States. However, in the future, the company plans to diversify into other industries. In addition, the company will provide its services to the following companies: supply companies, lumberyards, and many other potential companies that use hauling for their cargo.

Companies with whom we compete are Dynasty, Venture, Ace, and ACME. We have a competitive advantage, however, because of our reputation in the industry and competitive pricing of services.

The company is seeking financing in the amount of \$125,000 for the purpose of financing the acquisition of trucks, equipment, and funding operating expenses. Projected revenues for 2003 to 2005 are \$10,000, \$150,000, and \$200,000, respectively.