# SBA 7(a) Loan Business Plan Requirements: Checklist for First Time Borrowers

By Bright Quill Team

The SBA 7a business plan requirements are the part of the loan application most first time borrowers underestimate. Your plan has to do three jobs at once: prove the business can earn money, prove you can run it, and prove the loan gets repaid in full and on time.

The SBA doesn't publish one fixed business plan format, and every lender asks for something slightly different. But the core sections of an SBA 7(a) loan business plan stay consistent across lenders, and this checklist walks through each one so you can prepare before your first meeting.

An SBA 7(a) plan answers the lender's risk questions before they ask.

## Why SBA 7(a) Business Plan Requirements Are Tougher Than a Normal Bank Loan

A normal bank loan leans on collateral. If you stop paying, the bank sells the building or the equipment. An SBA 7(a) loan works differently. The government guarantees part of the loan, so the lender takes less risk, but that guarantee comes with scrutiny a normal loan skips.

The lender has to defend your file to the SBA, and your business plan is that defense. It must show a clear use of funds, realistic projections, and an owner who knows the numbers. A plan that would pass for a simple line of credit won't pass for a 7(a). That's the first thing a first time borrower needs to grasp. You're not convincing one loan officer. You're building a file that survives a second layer of review.

## The SBA 7a Business Plan Checklist: Every Section Lenders Expect

Every strong 7(a) plan covers the same core sections. Check yours against each one.

Executive summary. One to two pages stating the loan amount, what the money buys, and why the business will repay it. Write it last, because it has to summarize numbers you've already built.

Business description. Your legal structure, what the business does, where it operates, and how long it's run. If you're buying an existing business, add its history and why the seller is selling.

Market analysis. Who your customers are, how big the local market is, and who competes with you. Lenders don't need a research report. They need proof you've thought about demand in plain terms.

Management and team. Your background, your partners' backgrounds, and the role each

person fills. The lender is betting on the owner as much as the idea, so this section carries real weight for a first time borrower.

Products, services, and marketing. What you sell, what it costs you, what it sells for, and how customers find you. Keep it specific. Vague marketing plans are a common weakness.

Use of funds. A line by line breakdown of every borrowed dollar. It gets its own section because lenders read it that closely.

Financial projections. Monthly numbers for the first year, then annual numbers for years two and three. Profit and loss, cash flow, and a balance sheet, with every assumption stated in plain words.

## State Your Loan Ask and Break Down Every Dollar

Put the loan ask in the executive summary and again in the use of funds section. Give the exact amount. SBA 7(a) loans can go up to 5 million dollars, though most first time borrowers request far less. The number that matters is yours, tied to real costs.

Then break the total down line by line. Here’s an illustrative example of how a 250,000 dollar loan might be split. Equipment 100,000. Working capital 60,000. Leasehold improvements 50,000. A cash buffer for the first six months 40,000. Your split will differ, but every line should trace back to a quote, an invoice, or a real price you checked.

Two rules. First, never write general business purposes. That phrase tells the lender you haven’t done the math. Second, show what you’re putting in yourself. For business acquisitions the equity injection is often 10 to 15 percent of the total project cost. State your contribution as a dollar figure, not a promise.

Illustrative use of funds: 250,000 dollar loan

Illustrative sample only. Your numbers will differ.

## Financial Projections That Survive SBA Underwriting

Projections are where most 7(a) plans fail. Not because the numbers are wrong, but because they’re unexplained. Revenue comes from how many customers, at what average sale, how many days a week. Write those assumptions down or the lender won’t trust the totals.

Give month by month numbers for the first 12 months, then annual figures for years two and three. Lenders want to see the ramp up: slow early months, then growth as the business finds its feet. A plan showing full revenue in month one looks made up, because it usually is.

The ratio lenders check hardest is debt service coverage: annual net operating income divided by annual loan payments. Lenders generally want it comfortably above 1.15, so the business earns at least 15 percent more than it needs to cover its debts. Show this calculation. If the ratio is tight, explain how you’d handle a bad month.

Also state your break even point: the monthly revenue at which the business covers all

costs including the loan payment. If the lender can’t find it, they assume you never calculated it. Conservative numbers with clear assumptions beat optimistic numbers with none. We’ll say this plainly: your SBA 7a financial projections earn trust through honesty, not through big numbers.

## The Owner Side of the File: Credit, Guarantees, and Form 413

A 7(a) plan doesn’t end with the business. Every owner with 20 percent or more signs a personal guarantee, so the lender can pursue personal assets if the loan defaults. Don’t hide from this. Show an owner who understands it.

Expect to provide a personal financial statement, the SBA’s Form 413, for each owner. List assets, liabilities, income, and contingent debts honestly. Gaps between the form and the plan raise questions. Consistency builds trust.

Credit counts too. A personal score in the high 600s usually helps, while recent defaults or unpaid taxes raise red flags. If there’s a blemish, address it and say what you did about it. Silence reads worse than an old problem you fixed. Our business plans service builds the owner sections from your real financial picture, so the plan and the forms tell one consistent story.

## Mistakes That Get SBA 7(a) Applications Denied

The template plan. Identical market text and financials that could belong to any business in any city. Lenders have seen thousands. They reject them fast.

Fantasy revenue. Full capacity sales from month one with no basis in real customer numbers. Show the ramp up and the assumptions behind it.

No stated break even. The most skipped number in first time plans. Calculate it and put it on the page.

Weak use of funds. Borrowed dollars that don’t trace to real quotes or invoices. Every line needs a source you can show.

No owner money in the game. Asking the lender to fund 100 percent of the project while you put in nothing. State your contribution in dollars.

Numbers that disagree. The plan says one revenue figure, the tax returns say another, and nobody explains the gap. Reconcile everything before you submit. Our business plan help for SBA loans cross checks every number against the supporting documents so the file reads as one consistent story. If you want a plan built to this standard, tell us about your project through the contact page .

An SBA 7(a) loan rewards preparation. The borrowers who get approved are rarely the ones with the most exciting ideas. They’re the ones whose plans answer every question before it’s asked: how much, for what, repaid from where, and by whom. Work through this checklist honestly and you’ll walk into the lender meeting with a file that’s ready for review.

## Need an SBA 7(a) plan a lender will approve?

Bright Quill writes lender ready business plans: SBA style financial projections, a documented use of funds, and owner sections built from your real background.