Lender Preview Independent SBA 7(a) deal check (not affiliated with SBA)

Sample HVAC Co. (fictional), Knoxville TN | NAICS 238220 (Construction) | TN | Initial Acquisition

Generated 2026-10-21 under SBA SOP 50 10 8.1 (with Technical Updates), effective Oct 1, 2026. WSJ Prime Rate 7.00% (effective Sep 17, 2026; unchanged as of Oct 19, 2026).

SBA loan fit: Clears minimum with cushion DSCR 1.72x vs 1.25x minimum Max price that meets SBA minimums at these terms $1,607,000

- DSCR of 1.72x clears the 1.25x minimum with cushion, the equity injection meets the 10% rule, and no blocking issue was found.

Summary

SBA loan fit (DSCR band)	**Clears minimum with cushion**
DSCR at proposed structure	**1.72x**
SBA minimum DSCR (Initial Acquisition)	**1.25x**
Max price that meets SBA minimums at these terms (your cash and seller note as entered)	**$1,607,000**
Max price on cash flow alone (DSCR and $5M cap only)	**$1,607,000**
Max price if you inject exactly the 10% minimum	**$1,578,000**
Asking price (business, excl. real estate)	**$1,200,000**
Lender-adjusted cash flow (EBITDA after market salary)	**$304,000**
SBA 7(a) loan (75% SBA guaranty), incl. financed guaranty fee	**$1,114,249**
SBA upfront guaranty fee	**$29,249**
SBA note rate (Prime + spread), 10-yr amortization	**10.00%**
Annual SBA debt service	**$176,699**
Annual seller-note debt service	**$0**
Annual other debt service	**$0**
Total annual debt service	**$176,699**
Total project cost	**$1,314,249**
Required equity injection (10% of total project cost)	**$131,425**
Qualifying equity (cash + standby seller note, capped)	**$200,000 (15.2%)**
Equity test	**Pass**

Lender-adjusted cash flow

Seller SDE as presented	**$455,000**	
= Earnings before owner pay (SDE basis)	**$455,000**	
- Removed: Depreciation and amortization (documented)	**$0**	claimed $38,000, credited 100% (Lender Preview convention). Non-cash; part of EBITDA by definition (App. 15, C.2.b.ii.e).
- Removed: Owner's personal expenses run through the business (documented)	**$0**	claimed $14,000, credited 100% (Lender Preview convention). Seller discretionary expenses are a listed adjustment but need support (App. 15, C.2.b.ii.f).
- Removed: Owner's personal expenses run through the business (no support)	**-$9,000**	claimed $9,000, credited 0% (Lender Preview convention). Seller discretionary expenses are a listed adjustment but need support (App. 15, C.2.b.ii.f).
- Removed: One-time / non-recurring expenses (no support)	**-$12,000**	claimed $12,000, credited 0% (Lender Preview convention). Allowed only with support showing it will not recur (App. 15, C.2.b.ii.f).
- Market salary for the operator	**-$110,000**	Lender Preview benchmark for this revenue
- Unfunded capital spending	**-$20,000**	
= Lender-adjusted cash flow	**$304,000**	App. 15, C.2.b.ii.e-f

Lender Preview gives an estimate for education only. It is not a loan approval, a commitment to lend, or lending, legal, tax, accounting or investment advice, and it is not an audit, attestation or valuation. Every lender applies its own credit policy. Lender Preview is not affiliated with, endorsed by, or acting for the U.S. Small Business Administration or any lender, and it takes no fees or referral payments from lenders.

Flags

[INFO] Price is over $350,000: an independent business valuation from a Qualified Source (ASA, CBA, ABV, CVA or BCA), prepared for the lender, is required. Any price above the valuation must be covered by equity. (App. 15, C.1.a)

Up to 10 lenders for Construction, TN

The list shows the lenders with the most SBA 7(a) change-of-ownership loan approvals in your industry sector and state (statewide, and labelled, where fewer than 3 qualify).
Lender names and figures in this sample are placeholders (Lender A to Lender J), not real lenders or real loan counts. A real report names actual lenders and shows their counts from SBA's public 7(a) loan data (FOIA). Being listed is not an endorsement by the SBA or by Lender Preview, and no lender pays to be listed.

U.S. Small Business Administration, 7(a) FOIA loan data, file "FOIA - 7(a) (FY2020-Present)", as of 2026-06-30. Approval FY2024 to FY2026 (Oct 1, 2023 to Jun 30, 2026). Ranking detail: the industry sector is the 2-digit NAICS sector, and the state is the project state in the SBA data, matched to the business's state entered for this deal; ranked by change-of-ownership approvals (cancelled loans excluded), then all 7(a) approvals. Every listed lender has at least one change-of-ownership approval. Informational only; no lender pays to be listed.

Lender	**Acq. loans**	Acq. $ approved	All 7(a) loans
1. Lender A	**5**	$4,180,000	31
2. Lender B	**4**	$3,261,000	19
3. Lender C	**4**	$2,410,000	12
4. Lender D	**3**	$2,951,000	15
5. Lender E	**3**	$1,880,000	6
6. Lender F	**2**	$1,319,000	9
7. Lender G	**2**	$743,000	4
8. Lender H	**2**	$618,000	3
9. Lender I	**1**	$1,067,000	27
10. Lender J	**1**	$586,000	7

SBA eligibility checklist (not scored)

[ ] 100% of direct and indirect owners and all SBA-required guarantors are U.S. Citizens or U.S. Nationals with their principal residence in the U.S. (no Ineligible Persons, 6-month lookback). (SOP 50 10 8.1 Section A, Ch. 1, Para. F)
[ ] Every owner of 20% or more gives an unlimited personal guaranty. (Section A, Ch. 5, Para. A; App. 15, Personal Guaranties)
[ ] Personal resources / credit elsewhere: the lender documents why credit is not available elsewhere on reasonable terms, considering your liquidity. (Section A, Ch. 1, Para. H)
[ ] Your personal finances pass a global cash flow test at 1:1, and the salary you will take covers your living costs. (App. 15, C.2.b.ii.f (ownership compensation; global cash flow at 1:1))
[ ] At least half of the 10% injection comes from unlimited sources: your own unborrowed cash, gifts, a personal loan repaid from outside the business, unconditional grants, or verified prepaid expenses. (App. 15, C.2.a)
[ ] Any seller note counted as equity is on full standby (no principal or interest) for the whole 7(a) term, on SBA Form 155. (App. 15, C.2.a)
[ ] No earnout; the seller leaves except as a consultant for up to 24 months. (App. 15, A.8 and A.9)
[ ] The business meets SBA size standards and is not an ineligible type (e.g. passive real estate, lending, speculation). (Section A, Ch. 1, Paras. D and E)
[ ] Lender orders an independent business valuation (Qualified Source required if price > $350,000) and a QoE if price >= $3M; acquisition debt may not exceed the valuation and the price above it must be equity. (App. 15, A.4, C.1.a and C.1.b)
[ ] Three most recent fiscal years plus interims and IRS tax transcripts verify the seller's numbers. (App. 15, A.7 and C.2.b.ii.a-b)
[ ] No owner or guarantor is incarcerated, under felony indictment, or charged with a financial-misconduct crime; no delinquent federal debt or prior loss to the government (CAIVRS); lender reviews personal credit reports. (Section A, Ch. 1, Para. E; Section B, Ch. 1, Para. C)
[ ] If the loan is not fully secured, the lender takes available equity in personal real estate of 20%+ owners. (App. 15, C.3)

Assumptions

- SBA loan amortized over 10 years (App. 15, B.1), monthly payments, at Prime + the maximum allowable variable spread for the loan size unless you entered a rate.
- The SBA upfront guaranty fee (FY2027 schedule) is financed in the loan and included in total project cost. Real estate is excluded.
- DSCR = lender-adjusted EBITDA / all post-closing debt service (App. 15, C.2.b.ii.e). A seller note on full standby has no debt service; a partial-standby note is debt.

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- Bands: Below minimum = DSCR under the SBA minimum or any other SBA hard requirement not met (e.g. any Initial Acquisition equity shortfall); Near minimum = from the minimum up to minimum + 0.15x, or a major flag; Clears minimum with cushion = minimum + 0.15x or more with no blocking or major issue (the 0.15x cushion is a Lender Preview convention, not an SBA rule). No band is a lender decision.
- Your files and numbers are processed in memory and not stored.

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