

# Pre-Qualifying for a Loan

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(714) 564-5200  
[www.ocsbdc.org](http://www.ocsbdc.org)

**ORANGE COUNTY**  
Small Business Development Center

In Partnership With



# David Calderon

Interim Director



David Calderon joined the Orange County Small Business Development Center in 2012 and has worked in several capacities including Youth Entrepreneurship Coordinator, Training and Outreach Coordinator, and Interim Director for the OCSBDC. He has offered business owners assistance in the start-up and growth phases of their business by assessing their needs, recommending appropriate educational training programs, and connecting them with resources within and outside the Orange County SBDC that can assist them.

David is extremely savvy in on-line marketing strategies including web-design, Search Engine Optimization, e-mail marketing, and graphic design. Since 2013, he has operated his digital media business offering services in all of these areas.

David graduated from University of California, Irvine where he earned his bachelor's degree in Cognitive Psychology, Sociology, and Business Management.

# Manal Richa

Business Consultant



- **B.A., Communications**, California State University Fullerton
- **M.B.A., Organizational Leadership**, Brandman University
- **14+ years of experience** (small, mid-size)
- **Founder of MarCom Network**
- **Founding Partner of CanDoDigital.solutions**
- **Sought-after Mentor & Public Speaker**
- **Adjunct Faculty at Concordia & Brandman Universities, Irvine**

**Expertise in: Marketing Strategy, Social Media, Internet Marketing, eCommerce, Search Engine and Business Development. Helps companies with Strategic Positioning, which maximizes the value of their investments.**

About Us.....

# ORANGE COUNTY

## Small Business Development Center

### BUSINESS CONSULTING

Start-up, Expansion, On-line and Traditional Marketing, Accounting/Finance/QuickBooks, International Trade

### ACCESS to CAPITAL

Loans & Lines of Credit

### INTERNATIONAL TRADE

New to export  
Export expansion

### SEMINARS & WORKSHOPS

Check out our training schedule!

**Services Available in:**  
English, Spanish and Vietnamese

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reply with your e-mail address.

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# Qualifying for a Small Business Loan Business Credit for startups and Expansion

Presented by:

**JEZABEL M. JIMENEZ**

**AVP- Business Relationship Manager**



Jezabel M. Jimenez has been in the banking industry for over 10 years. She started her banking career right out of college as a Branch Manager for Bank of America, where she managed one of the many Mass Market Banking Centers in California. After that she started working for HSBC Bank, where she expanded her knowledge and experience as a manager with the Emerging Markets Department. She also worked for First Financial Credit Union as an operations and service manager, and got to experience the different programs and functions of Credit Unions. She is currently working for East West Bank as a Small Business Relationship Manger where she enjoys assisting business owners achieve their growing potential.

She attended Pasadena City College and graduated from University of La Verne with a Bachelors in Business Administration and a minor in Marketing.





# Prepare a Business Loan Package

## **Each owner of more than 20%**

- Copy of your credit report with FICO score
- Personal Financial Statement (SBA Form 413)
- Borrower Information (SBA Form 1919)
- PERSONAL TAX RETURNS –Three years

## **And for Existing Business**

- Year to date business Profit and Loss
- Year to date business Balance Sheet
- Business Income Tax  
(Up to three years if available)

## **And for Start-up Business**

- Opening Balance Sheet (Equity Injection)
- Business Financial Projections
- Business Growth Plan.  
(Financial Projection explanation)

# Financing your growth

## **Creditworthiness**

Considered suitable to receive credit, especially because of being reliable in paying money back in the past

## **Capacity to repay**

An individual's financial capacity to make good on a debt

# Qualifying for a Business Loan

Credit Condition Scorecard	D	C	B	A
<b>Credit Score</b>  <b>Mgmt Experience</b>  <b>Capital (Of total balance sheet)</b>  Historical Repayment Capacity (DCR)  Collateral <b>COVERAGE</b> (liquidation value)	<u>Creditworthiness</u>			

# Qualifying for a Business Loan

Credit Condition Scorecard	D	C	B	A
Credit Score				
Mgmt Experience				
Capital (Of total balance sheet)				
<b>Historical Repayment Capacity (DCR)</b>				
<b>Collateral COVERAGE (liquidation value)</b>				
	<u>Capacity to repay</u>			

# Qualifying for a Business Loan

<b>Credit Condition Scorecard</b>	<b>D</b>	<b>C</b>	<b>B</b>	<b>A</b>
<b>Credit Score</b>	+ 660			
<b>Mgmt Experience</b>	+ 2 years			
<b>Capital (Of total balance sheet)</b>	> 20%			
<b>Historical Repayment Capacity (DCR)</b>				
<b>Collateral COVERAGE (liquidation value)</b>				


# Qualifying for a Business Loan

<b>Credit Condition Scorecard</b>	<b>D</b>	<b>C</b>	<b>B</b>	<b>A</b>
<b>Credit Score</b>	+ 660	+ 660	+ 660	+ 660
<b>Mgmt Experience</b>	+ 2 years	+ 2 years	+ 2 years	+ 2 years
<b>Capital (Of total balance sheet)</b>	> 20%	> 20%	> 20%	> 20%
<b>Historical Repayment Capacity (DCR)</b>				
<b>Collateral COVERAGE (liquidation value)</b>				

# Qualifying for a Business Loan

<b>Credit Condition Scorecard</b>	<b>D</b>	<b>C</b>	<b>B</b>	<b>A</b>
<b>Credit Score</b>	+ 660	+ 660	+ 660	+ 660
<b>Mgmt Experience</b>	+ 2 years	+ 2 years	+ 2 years	+ 2 years
<b>Capital (Of total balance sheet)</b>	> 20%	> 20%	> 20%	> 20%
<b>Historical Repayment Capacity (DCR)</b>	NO	NO	YES	YES
<b>Collateral COVERAGE (liquidation value)</b>	NO	YES	NO	YES
	<b>SBA</b>			<b>CONV</b>

# Qualifying for a Business Loan



Credit Condition Scorecard	D	C	B	A
Credit Score	+ 660	+ 660	+ 660	+ 660
Mgmt Experience	+ 2 years	+ 2 years	+ 2 years	+ 2 years
Capital (Of total balance sheet)	> 20%	> 20%	> 20%	> 20%
Historical Repayment Capacity (DCR)	<b>NO</b>	NO	<b>YES</b>	YES
Collateral <b>COVERAGE</b> (liquidation value)	<b>NO</b>	YES	<b>NO</b>	YES
	<b>SBA</b>			<b>CONV</b>



# Repayment ability is a combination of

- **Income, Personal and business**  
(Increase as possible)
- **Expenses Personal and Business**  
(Reduce as possible)
- **Loan amount**  
(Smallest possible amount)

# Capital for Start-Ups

	<b>Project</b>	<b>Equity</b>	<b>Loan</b>
<b>Working Capital</b>	20,000	0	20,000
<b>Startup Expenses</b>	15,000		15,000
<b>Furniture and Fixtures</b>	15,000		15,000
<b>Leasehold Improvements</b>	30,000	30,000	0
<b>Equipment</b>	20,000		20,000
<b>Total</b>	<b>100,000</b>	<b>30,000</b>	<b>70,000</b>
<b>Percentage</b>	<b>100.00%</b>	<b>30.00%</b>	<b>70.00%</b>
		<b>Equity</b>	<b>Debt</b>

- Debt to Equity is the main driver.
- \$70,000
  - \$30,000
  - 2.33%

Debt to Equity ratios lower than 3 are better.

## Expenses VS. Business Plans

**SCHEDULE C  
(Form 1040)**

**Profit or Loss From Business**

(Sole Proprietorship)

OMB No. 1545-0046

**2009**

Attachment Sequence No. 09

Department of the Treasury  
Internal Revenue Service (IRS)

Partnerships, joint ventures, etc., generally must file Form 1065 or 1065-B.

Attach to Form 1040, 1040NR, or 1041. See Instructions for Schedule C (Form 1040).

Name of proprietor \_\_\_\_\_ Social security number (SSN) \_\_\_\_\_

**A** Principal business or profession, including product or service (see page C-2 of the instructions) **i** Enter code from pages C-8, 9, & 11 \_\_\_\_\_

**C** Business name. If no separate business name, leave blank. **ii** Employer ID number (EIN), if any \_\_\_\_\_

**E** Business address (including suite or room no.) \_\_\_\_\_  
City, town or post office, state, and ZIP code \_\_\_\_\_

**F** Accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) \_\_\_\_\_

**G** Did you "materially participate" in the operation of this business during 2009? If "No," see page C-3 for limit on losses  Yes  No

**H** If you started or acquired this business during 2009, check here

**Part I Income**

<b>1</b> Gross receipts or sales. <i>Caution.</i> See page C-4 and check the box if: • This income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, or • You are a member of a qualified joint venture reporting only rental real estate income not subject to self-employment tax. Also see page C-3 for limit on losses. <input type="checkbox"/>	1		
<b>2</b> Returns and allowances	2		
<b>3</b> Subtract line 2 from line 1	3		
<b>4</b> Cost of goods sold (from line 42 on page 2)	4		
<b>5</b> Gross profit. Subtract line 4 from line 3	5		
<b>6</b> Other income, including federal and state gasoline or fuel tax credit or refund (see page C-4)	6		
<b>7</b> Gross income. Add lines 5 and 6	7		

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

<b>8</b> Advertising	8			<b>18</b> Office expense	18		
<b>9</b> Car and truck expense (see page C-4)	9			<b>19</b> Pension and profit-sharing plans	19		
<b>10</b> Commissions and fees	10			<b>20</b> Rent or lease (see page C-5):			
<b>11</b> Contract labor (see page C-4)	11			<b>a</b> Vehicles, machinery, and equipment	20a		
<b>12</b> Depreciation	12			<b>b</b> Other business property	20b		
<b>13</b> Depreciation and section 179 expense deduction (not included in Part II) (see page C-5)	13			<b>21</b> Repairs and maintenance	21		
<b>14</b> Employee benefit programs (other than on line 12)	14			<b>22</b> Supplies (not included in Part II)	22		
<b>15</b> Insurance (other than health)	15			<b>23</b> Taxes and licenses	23		
<b>16</b> Interest:				<b>24</b> Travel, meals, and entertainment:			
<b>a</b> Mortgage (paid to banks, etc.)	16a			<b>a</b> Travel	24a		
<b>b</b> Other	16b			<b>b</b> Deductible meals and entertainment (see page C-5)	24b		
<b>17</b> Legal and professional services	17			<b>25</b> Utilities	25		
<b>20</b> Total expenses before expenses for business use of home. Add lines 8 through 27	20			<b>26</b> Wages (see employment credits)	26		
<b>29</b> Tentative profit or (loss). Subtract line 20 from line 7	29			<b>27</b> Other expenses (from line 48 on page 2)	27		
<b>30</b> Expenses for business use of your home. Attach Form 8829	30						
<b>31</b> Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see page C-7). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.	31						
<b>32</b> If you have a loss, check the box that describes your investment in this activity (see page C-7). • If you checked 32a, enter the loss on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13 (if you checked the box on line 1, see the line 21 instructions on page C-7). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 8996. Your loss may be limited.				<b>32a</b> <input type="checkbox"/> All investment is at risk.			
				<b>32b</b> <input type="checkbox"/> Some investment is not at risk.			

Repayment evaluation is made from Income Tax Reports

# Income Statements

## PINO PIZZA Budgeted Income Statement

### BUDGETED 6-MONTH P&L

An example with a negative cash balance

	JAN	FEB	MAR	APR	MAY	JUN
Sales Revenue	21,000	22,000	23,000	23,500	24,000	25,000
Cost of Goods Sold	<u>5,880</u>	<u>6,160</u>	<u>6,440</u>	<u>6,580</u>	<u>6,720</u>	<u>7,000</u>
<b>Gross margin</b>	<b>15,120</b>	<b>15,840</b>	<b>16,560</b>	<b>16,920</b>	<b>17,280</b>	<b>18,000</b>
<b>Operating expenses:</b>						
Salaries & Wages expense	14,550	14,550	14,550	14,550	14,550	14,550
Administrative and General expense	3,000	3,000	3,000	3,000	3,000	3,000
Marketing expense	4,000	4,000	4,000	4,000	4,000	4,000
Utilities expense	3,000	3,000	3,000	3,000	3,000	3,000
Other operating expenses	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>Total operating expenses</b>	<b>24,550</b>	<b>24,550</b>	<b>24,550</b>	<b>24,550</b>	<b>24,550</b>	<b>24,550</b>
<b>Operating Income</b>	<b>-9,430</b>	<b>-8,710</b>	<b>-7,990</b>	<b>-7,630</b>	<b>-7,270</b>	<b>-6,550</b>
 <b>ENDING CASH</b>	 <b>20,570</b>	 <b>11,860</b>	 <b>3,870</b>	 <b>-3,760</b>	 <b>-11,030</b>	 <b>-17,580</b>
 <b>STARTUP CAPITAL</b>	 <b>30,000</b>					



## Quick and Easy Access to Working Capital

If you've had your business for more than a year, consider one of our Small Business Loans (up to \$25,000) and get the funds you need to make your business a success.

- No origination fees
- Fast turnaround
- Quick and easy paperwork
- No collateral needed



# Qualifying for a Business Loan

If you've had your business for more than a year, consider one of our Small Business Loans (up to \$25,000) and get the funds you need to make your business a success.

- No origination fees
- Fast turnaround
- Quick and easy paperwork
- No collateral needed

REQUEST AMOUNT	APPROX. PAYMENTS (based on WSJ Prime Rate of 3.5% as of 1/1/2016)*	LOAN TYPE	LOAN TERM	FEES/CLOSING COSTS	ANNUAL INTEREST RATE
\$5,000.00	\$161.65	TERM LOAN	36 MONTHS	NONE	WSJ PRIME + 6.5% (VARIABLE)
\$10,000.00	\$254.27		48 MONTHS		
\$15,000.00	\$381.40		48 MONTHS		
\$20,000.00	\$426.28		60 MONTHS		
\$25,000.00	\$532.85		60 MONTHS		

REQUEST AMOUNT	APPROX. PAYMENTS (based on WSJ Prime Rate of 3.5% as of 1/1/2016)*
\$5,000.00	\$161.65
\$10,000.00	\$254.27
\$15,000.00	\$381.40
\$20,000.00	\$426.28
\$25,000.00	\$532.85



- EWB Small Business Loan request form
- Borrower Information Form (SBA Form 1919)
- Personal Financial Statement (SBA Form 413)
- Copy of Driver's License
- USCIS Authorization Form if applicable.

Provide copies (**front and back**) of the most recently issued immigration documentation

**[BUSINESS]**

**Sole-Proprietorship**

- Business License
- Fictitious Business Name Statement

**Corporations**

- Business License
- Fictitious Business Name Statement (If applicable)
- Article of Incorporation
- Statement of Information
- SS-4 (EIN)

**Limited Liability Company**

- Business License
- Fictitious Business Name Statement (If applicable)
- Article of Incorporation (LLC-1)
- Statement of Information (LLC-12)
- Operating Agreement
- SS-4 (EIN)

**[MISCELLANEOUS]**

- Copy of VOID Check (ACH) – Business Account
- Information on Affiliates (if applicable, see attached)
- Three recent monthly Business Bank statements
- Three recent monthly Merchant Account Processing statements, if applicable

# Contact us

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AVP, Business Relationship Manager

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**EAST WEST BANK**  
Your financial bridge®

# Next Steps...

Orange County  
Small Business Development Center

**2323 N. Broadway, Ste. 201  
Santa Ana, CA 92706**

For further assistance, to [schedule a private consultation](#) or to register for additional seminars, please call:  
**(714) 564-5200**

**Visit us on the web at: [www.ocsbdc.org](http://www.ocsbdc.org)**



# Thank You

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**ORANGE COUNTY**  
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