



PERSPECTIVES ON BUSINESS FINANCIAL STATEMENTS

In 2014, in its ongoing initiative to streamline processing, the SBA extended the time a business applicant's financial statement is valid for SBA loan submission. Under the new SOPs [50 10 5 \(F\)](#) and [50 10 5 \(G\)](#), an applicant's business financial statement must be current within 180 days of application, vs. the prior 120 days.

So of course this change helped reduce paperwork, especially when there's a time lapse between your bank's initial approval, and completion of all due diligence such as appraisals, environmental reports, and other conditions required for final submission to the SBA. The requirement for personal financial statements from all principals has remained unchanged. They're still due within 90 days of application.

Our Perspective

I'm remembering an old adage that says, "Give somebody all day to make the bed and they'll take all day." So just because the SBA allows you to submit a business financial that's 180 days old, doesn't mean you should wait that long. Prudent and sound credit underwriting entails making every effort to get current financial statements and staying on top of any changes to the borrower's financial condition. While you may not be required to update the SBA package as long as your original statement is within 180 days, you should be aware of any adverse changes that may cause your bank or the SBA to reconsider its decision before final Authorization.

I would also caution you that federal regulators don't necessarily agree that 180 days is a current financial. So before jumping to the new SBA requirement, review your institution's loan policy and check with your regulator to ensure that by adopting the new SBA timeline you aren't creating headaches for yourself somewhere else.

Loan packaging is one of our specialties at J.R. Bruno & Associates. We'll help make sure your loan packages are complete, up to date and meet all requirements. If you need assistance with these or other underwriting issues on your SBA or business loans, feel free to contact me directly at 626.688.2125 or Contact JRB at www.jrbrunoassoc.com.

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