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The SBA Hotel Loan Lender Checklist

What lenders commonly ask for on an SBA hotel purchase, the one number the whole file exists to prove, and three scenarios to run before you call the bank. Requirements vary by lender; treat this as the list to walk in with, not a guarantee.

The paperwork (a week of evenings)

- ☐ Three years of personal federal tax returns
- ☐ Three years of business tax returns (if you have a business)
- ☐ Personal financial statement (SBA Form 413)
- ☐ Current P&L and balance sheet, within 60 days
- ☐ Your business debt schedule
- ☐ Seller's trailing twelve months operating statement
- ☐ Seller's three years of P&Ls and tax returns
- ☐ Twelve months of occupancy and average rate, by month
- ☐ Capital expenditure history, two years
- ☐ Property facts: year built, room count, square footage
- ☐ STR or market reports where available
- ☐ Purchase agreement or letter of intent

What lenders commonly look for

Down payment: 10 to 20 percent on 7(a), 15 to 20 percent on 504; first-time or independent buyers are often asked for 20 to 25 percent.

Personal credit: around 680 or higher.

Experience: three or more years in hospitality, or "management depth": a management agreement with an established operator, or an experienced general manager named in the file.

Coverage: profit before the loan covers the payment at least 1.25 times.

The one number: coverage

Purchase price: _____
Down payment (%): _____
Loan amount: _____
Rate and term (ask the lender): _____
Annual loan payment: _____
Seller's revenue: _____
minus operating costs: _____
minus cost to replace the owner's hours: _____
Profit before the loan: _____
Coverage = profit divided by payment: _____

Example: \$1.2M purchase, 20 percent down, \$960,000 loan at an example 10 percent over 25 years is about \$104,700 a year. At 1.25x the lender wants about \$131,000 of profit before the loan.

Three scenarios before you call

SCENARIO	PROFIT	PAYMENT	COVERAGE
1. The seller's year, as is			
2. Your first year			

SCENARIO	PROFIT	PAYMENT	COVERAGE
(planned gains cut in half)			
3. A bad year (occupancy down 10 points, rate flat)			

Under 1.25 on scenario 1, the file is dead on arrival. Under 1.0 on scenario 3, the lender will ask what you would make the payment with.

The document nobody hands you

Projections a lender will believe: revenue by month, costs by line, the payment, and the coverage ratio, tested against the seller's real history and what comparable properties do. That is a feasibility study. It is the argument, not a formality. It is what I build as The Modern Hotel Plan.

This is one of the questions **The Modern Hotel Plan** answers before you sign: a financial feasibility study for owners buying, building, or reopening a hotel. Book it at ramirezhospitality.com and bring the listing.

Adam Ramirez, Ramirez Hospitality Group. 10+ years, 50+ hospitality properties. · ramirezhospitality.com/downloads