SMALL-BUSINESS LENDING · CANADA

BANK LOAN READINESS CHECKLIST

The items Canadian banks and CSBFP lenders actually check before approving a small-business loan – compiled from real application work. Bring all of it, and you look like the 1 applicant in 10 who came prepared.

1 BUSINESS & LEGAL DOCUMENTATION

- [ ] **Business registration or incorporation documents** – BC registry / provincial equivalent; corporations need articles of incorporation.
- [ ] **CRA business number (BN)** – and GST/PST registration if applicable.
- [ ] **Business licence** – municipal licence for your operating city.
- [ ] **Signed lease or letter of intent for your premises** – lenders want the location secured (or clearly conditional) before funding.
- [ ] **Industry permits** – health operating permit, food safety certification, liquor licence – whatever your sector requires.

2 THE BUSINESS PLAN

- [ ] **Executive summary with the ask up front** – how much, what for, and how it will be repaid, on page one.
- [ ] **Market analysis with sources** – market size, local demand drivers, named competitors. Cited, not asserted.
- [ ] **Operations plan** – capacity, suppliers, staffing by season, quality control.
- [ ] **Management bios that answer "why you?"** – relevant experience and transferable skills; mitigate the first-time-owner concern directly.
- [ ] **Use of funds, itemized** – every dollar allocated, with equipment quotes attached (see section 4).

3 THE FINANCIAL PACKAGE

- [ ] **Financial projections, monthly, 3–5 years** – P&L, cash flow, and balance sheet that actually link together. Seasonality shown month by month, not annual averages.
- [ ] **Debt Service Coverage Ratio (DSCR) ≥ 1.25×** – the number the credit officer finds first:

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DSCR = EBITDA ÷ (annual principal + interest payments)   |   minimum 1.25× – aim well above
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- [ ] **Break-even analysis** – the month you stop burning cash, and what revenue level gets you there.
- [ ] **Assumptions documented with sources** – pricing vs. local comparables, wage rates, rent per sq ft, inflation. Every key input traceable.
- [ ] **Historical financials, if operating** – last 2 years of statements + business tax returns.
- [ ] **Personal financial disclosure** – personal net-worth statement and 2 years of personal tax returns (T1s) for each owner.

4 THE ASK & CSBFP SPECIFICS

- [ ] **Exact loan amount with itemized use of funds** – equipment, leasehold improvements, working capital – each line supported.
- [ ] **Written supplier quotes for major purchases** – real quotes for equipment over a few thousand dollars, including delivery, installation, and taxes.
- [ ] **Owner equity injection, typically 10–20%** – banks fund most, not all, of the project; show your own cash in the deal and where it came from.
- [ ] **Expect a personal guarantee** – standard under CSBFP; financed assets also serve as security.
- [ ] **Budget the CSBFP registration fee (2% of the loan)** – it can be financed as part of the loan; plan for it either way.
- [ ] **Know what CSBFP covers** – equipment, leasehold improvements, and real property; the program also supports intangibles and working-capital financing. Confirm current limits with your lender.
- [ ] **Check your personal credit first** – pull your own report before the bank does; resolve surprises in advance.

! RED FLAGS THAT GET APPLICATIONS SENT BACK

- [ ] **Round numbers with no support** – "$10,000/month revenue" with no price × volume logic behind it reads as a guess, because it is one.
- [ ] **Hockey-stick growth** – 100%+ annual growth with no capacity or marketing plan to explain it.
- [ ] **Projections that ignore debt service** – the cash flow must show the loan being repaid, month by month, including the interest-only period if any.
- [ ] **DSCR barely above minimum with no sensitivity** – show the covenant still holds if revenue comes in 15–20% below plan. Naming your own breaking point builds trust.
- [ ] **Margins that ignore industry benchmarks** – if the sector runs 60–70% gross margin and you project 85%, explain it or fix it.
- [ ] **Annual-only projections for a seasonal business** – a summer-heavy business can be profitable annually and still run out of cash in February. Monthly or nothing.
- [ ] **No owner money in the deal** – zero equity injection signals zero risk-sharing.

The one-sentence summary: a lender approves faster when your paperwork answers their questions before they ask them – a complete document set, a monthly model that repays the loan on paper, and assumptions someone can check.