How Are You Actually Paying for This?

A worksheet for financing a business purchase — compare SBA, bank, and seller financing, then build the combination that actually gets your deal funded.

Reminder: most deals aren't one of these — they're a stack of two or three. Use this page to compare, then use page 2 to build your actual combination.

	SBA 7(a) Loan	Conventional Bank Loan	Seller Financing
Typical loan size	Up to $5 million alone — stackable with a 504 loan for up to $10 million combined (as of 7/4/26)	Varies — based on bank relationship & collateral	Usually a portion of price, not the whole thing
Speed to close	Slow: 60-90 days, paperwork-heavy	Faster, if you already bank there	As fast as both parties can agree
Typical rate	Often cheaper than alternatives	Competitive, if financials are strong	Negotiated — set by the agreement itself
What lender wants to see	2 yrs of tax returns/financials (you + seller)	Years of clean business performance	Seller's confidence in the buyer & business
Personal guarantee?	Yes, almost always	Yes, almost always	Depends on the note terms
Best used	As the core of the deal	When you have an existing bank relationship	Stacked alongside a bank/SBA loan
Watch out for	Timeline can stall a deal	Strict qualification bar	Structure it as a real note, not a handshake

Lender math doesn't change by type: whichever combination you use, lenders are checking cash flow relative to the debt payment (1.25x debt service coverage is a common minimum), collateral, how much of your own money is in the deal, and your credit history. Stronger numbers open up more of the table above.

Build Your Deal Stack

Most acquisitions blend two or three sources. Fill in what you're considering.

THE STACK

Total purchase price	$
SBA 7(a) loan amount	$
Conventional bank loan amount	$
Seller note amount	$
Your cash / equity injection	$
ROBS or retirement funds used	$
Home equity / personal collateral used	$

Check: the amounts above should add up to (roughly) your total purchase price.

THE LENDER'S MATH (DSCR)

Business's annual cash flow (SDE)	$
Total annual debt payment (all sources)	$

DSCR = cash flow ÷ debt payment. Divide the two numbers above — most lenders want at least 1.25.

My DSCR: ______________

QUESTIONS FOR YOUR LENDER

- Will you allow seller financing to sit alongside your loan, and on what terms (standby period)?
- What's the realistic timeline from application to funding — and what slows it down most often?
- What happens to my personal guarantee if the business underperforms in year one?