

LOANSTARS

ARF'S REFERRAL PARTNER REWARDS PROGRAM



AN ARF FINANCIAL WHITE PAPER FOR REFERRAL PARTNERS

INSIDE THE CREDIT ROOM

*A Referral Partner's Guide to Submitting Commercial Loan Files
Credit Can Understand and Evaluate*

Before credit can trust the story, the file has to support it.

TABLE OF CONTENTS

Executive Summary	3
Introduction: Before Credit Can Trust the Story	3
About ARF Financial	4
1. The Story and the Support	4
2. What Credit Is Trying to Understand	5
3. Cash Flow: Looking Beyond the Top-Line Number	6
4. Existing Debt: The Obligations Already in the Room	8
5. Documentation: Where Preventable Delays Begin	9
6. Seasonality: A Pattern Is Not Automatically a Problem	10
7. Use of Funds: Specificity Builds Credibility	11
8. Structure: Does the Request Fit the Need?	12
9. The Questions That Create Confidence—or More Work	13
10. What a Useful Credit Memo Looks Like	14
11. Detailed Hypothetical Case Study: Riverside Hardware & Supply	15
12. The Pre-Submission Review	17
13. What Referral Partners Should Never Do	18
14. A Cleaner File Is a Better Conversation	18
Sources	20
Fact-Check Appendix	20

Executive Summary

Every commercial financing opportunity begins with a story: a business with momentum, a plan, and a reason capital would help. Referral Partners are often the first to hear that story and the first to believe in it. Credit hears something different — the file. Before a lender can trust the narrative a Referral Partner brings forward, the supporting financial and documentary evidence has to hold up under a closer look.

This white paper takes Referral Partners inside the credit evaluation process — not to reveal ARF Financial’s underwriting models or approval standards, which remain confidential, but to explain, in general terms, the kinds of questions that commonly build confidence or create delay during a commercial loan review. It covers cash flow, existing debt, documentation, seasonality, use of funds, and requested structure, and it closes with a practical pre-submission checklist.

A clean, complete file does not guarantee approval. It gives the lender a clearer and more accurate basis for evaluating the opportunity — and gives the Referral Partner’s story its best chance of being heard the way it was intended.

Introduction: Before Credit Can Trust the Story

Before credit can trust the story, the file has to support it.

Referral Partners are, by training and instinct, storytellers. They meet a business owner, hear about a slow season that is turning around, a contract about to close, or a growth opportunity that needs a cash infusion — and they recognize an opportunity worth pursuing. That instinct is valuable. It is also only half of what a commercial financing decision requires.

The other half happens somewhere the Referral Partner rarely sees: the credit room. There, the story is set beside bank statements, debt schedules, tax returns, and financial trends, and someone has to determine whether the evidence supports what the story claims. That process is not designed to find reasons to say no. It is designed to understand what is actually happening inside a business, whether the requested financing fits that reality, and whether the available information is sufficient to make a responsible decision.

Approximately 36.2 million small businesses operate in the United States, representing 99.9% of U.S. businesses and employing nearly half of private-sector workers.[1] Every one of them is a little different, and no single document tells a lender everything. That is precisely why the file matters: it is the version of the business a lender can actually evaluate.

This white paper is written for Referral Partners who want to understand that side of the process — not to predict outcomes or reverse-engineer ARF Financial’s internal standards, but to submit files that are more complete, more consistent, and easier for a lender to evaluate on their merits. The goal is not a perfect file. It is a file that lets the story stand on solid ground.

About ARF Financial

ARF Financial has worked with small businesses — and the Referral Partners who serve them — since 2001, providing bank loan and revolving credit options for qualified small businesses across a range of industries. This white paper describes general principles common to responsible commercial credit evaluation. It does not describe ARF Financial’s specific underwriting criteria, approval standards, pricing methodology, or risk tolerances, which remain internal to the credit process.

1. THE STORY AND THE SUPPORT

Every submission carries two things at once: a narrative and a body of evidence. The narrative is what the Referral Partner brings — the business’s history, its reputation in the market, the opportunity in front of it, the reason the timing matters now. The evidence is what shows up in bank statements, tax filings, debt schedules, and financial trends. Credit’s job is to reconcile the two.

That reconciliation is not adversarial. Credit is not searching for a reason to reject a promising business; it is trying to understand what is happening in the business, whether the requested financing makes sense in that context, and whether the information available supports a responsible lending decision. A compelling narrative earns more weight, not less, when the numbers behind it are legible.

A story becomes stronger — easier to evaluate, not just easier to tell — when several things line up: the financial trends support the narrative rather than contradict it; the use of funds is specific enough to explain why the money is needed and why now; existing obligations are disclosed rather than discovered; unusual events are explained rather than left for the reviewer to guess at; the documents are current and consistent with one another; and the requested amount and repayment structure fit the need that has been described.

None of this changes what the business is. It changes how clearly credit can see it.

THE CREDIT CONFIDENCE EQUATION



Figure 1. A file becomes easier to evaluate when the story, documents, financial information, and requested structure align.

A Strong Story Answers Three Questions

1. What is happening in the business?
2. Why does the business need financing now?
3. How is the financing expected to help?

2. WHAT CREDIT IS TRYING TO UNDERSTAND

A lender's review of a commercial financing request is not a single checklist item, and no two files raise exactly the same questions. But across most commercial submissions, credit is working to understand a common set of things — not as ARF Financial's proprietary criteria, but as the general questions any responsible lender needs answered before extending capital.

FROM SUBMISSION TO UNDERSTANDING



Figure 2. Application information, documentation, context, and structure come together during review.

- Is the business generating enough cash to support its current obligations?
- How predictable or volatile is its revenue, and are recent results consistent with the longer-term trend?
- What existing debt must the business continue to service alongside any new financing?
- What caused any material change in revenue, deposits, expenses, debt, or liquidity?
- Is the financing request appropriate for the stated use of funds, and does the proposed payment structure fit the business's cash-flow pattern?
- Are the documents complete, current, and internally consistent with one another?
- Are there unresolved questions that require clarification before a decision can be made?
- Taken as a whole, does the submission accurately represent the business as it exists today?

It is worth saying plainly: one weak month, an unusual expense, a seasonal dip, or a temporary disruption rarely tells the complete story on its own. Businesses are not static, and credit understands that. What is harder to work around is an irregularity that goes unexplained — not because it is necessarily disqualifying, but because an unexplained gap is simply harder to evaluate than an explained one. The Referral Partner who closes that gap before submission is doing some of the most valuable work in the entire process.

The FDIC’s 2024 Small Business Lending Survey found that small business lending at U.S. banks remains a relationship-oriented, staff-intensive process — loans are generally underwritten and approved by people rather than by fully automated systems, even as banks adopt new technology. [2] The person reviewing a file is asking questions much like the ones above, and a file that anticipates them tends to move more efficiently than one that doesn’t.

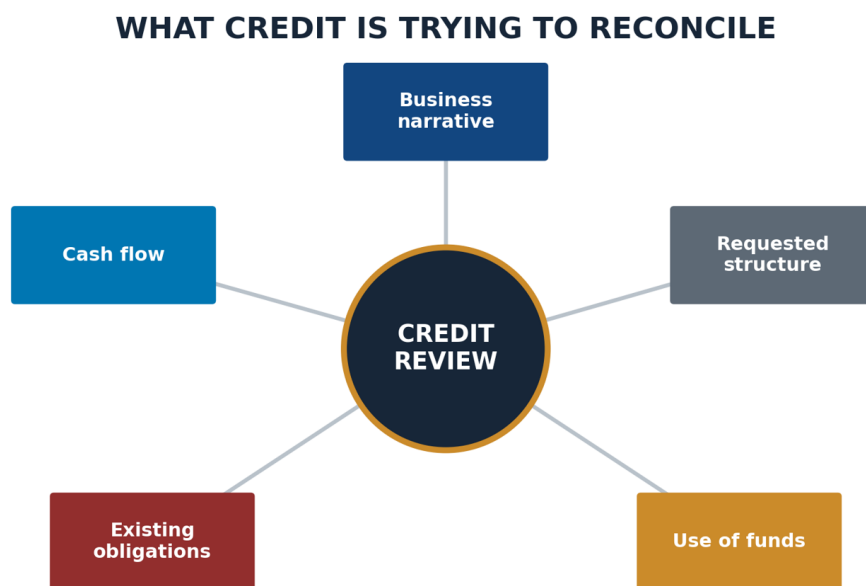


Figure 3. Credit reconciles the business narrative with cash flow, obligations, use of funds, and structure.

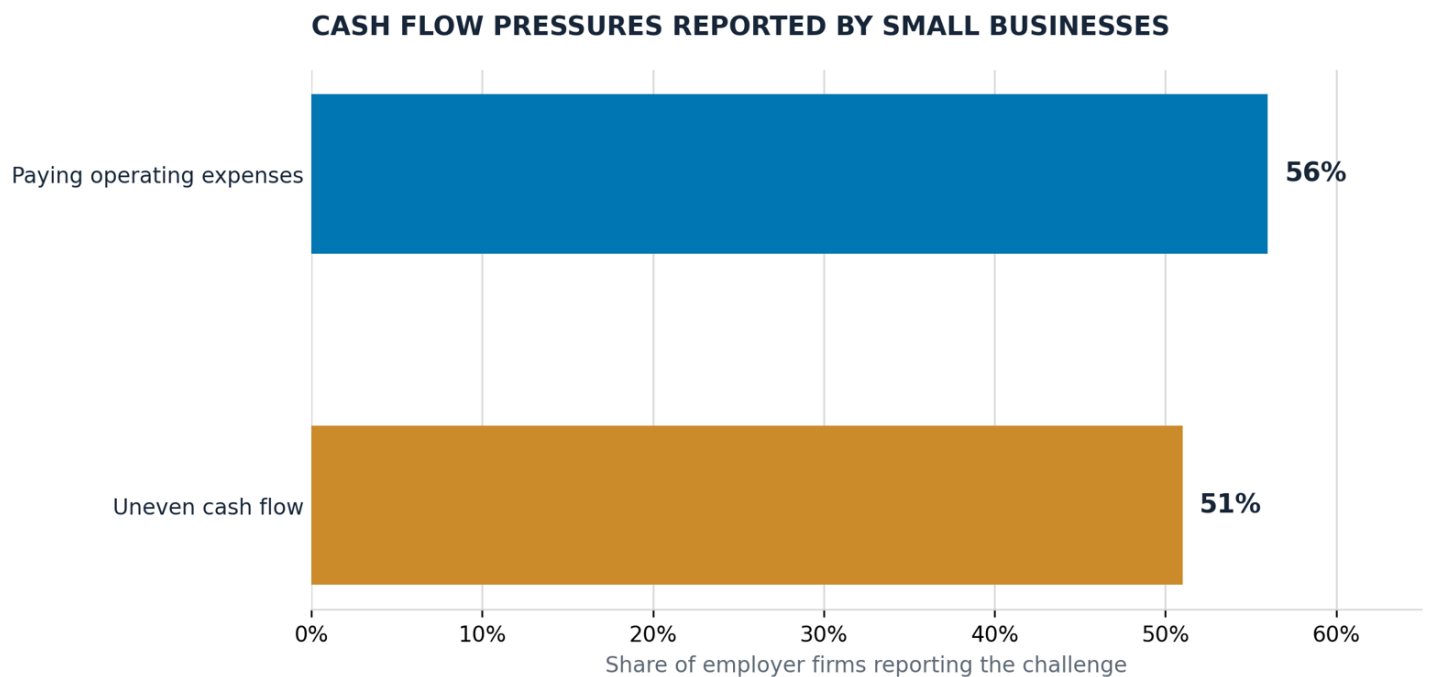
3. CASH FLOW: LOOKING BEYOND THE TOP-LINE NUMBER

Revenue tells credit what a business is bringing in. It does not, by itself, tell credit what the business can afford to pay. That distinction — between top-line revenue and actual repayment capacity — is one of the most consistent themes in any commercial credit review.

Cash actually collected can differ meaningfully from gross sales, particularly for businesses with receivables, seasonal billing cycles, or a mix of cash and credit transactions. Recurring operating expenses and existing debt payments both draw against the same pool of cash a new financing payment would draw from. Cash balances and deposit patterns over time — not just a single snapshot — help credit understand whether a business operates with a comfortable cushion or runs close to the edge. Negative balance days, overdraft activity, unusually large or irregular deposits, and heavy reliance on one or two customers can each raise questions, not because any one of them is automatically a problem, but because each affects how confidently a reviewer can read the rest of the file.

Trend also matters more than any single month. A business with steadily improving deposits tells a different story than one with the same average balance trending downward, even if the raw numbers on a given statement look similar. And the timing of customer payments relative to the business's own obligations — including the payment being requested — affects whether a given structure actually fits how cash moves through the company.

This white paper will not offer formulas, ratios, or thresholds that suggest a guaranteed outcome. Cash-flow evaluation is contextual, and no single number determines a decision on its own. It is a factor small businesses feel directly: in the Federal Reserve's most recent Small Business Credit Survey, 56% of firms cited paying operating expenses and 51% cited uneven cash flow among their financial challenges of the prior year. [3]



Source: Federal Reserve Banks, 2025 Report on Employer Firms (2024 Small Business Credit Survey).

Figure 4. Operating expenses and uneven cash flow were leading financial challenges reported by employer firms in the 2024 Small Business Credit Survey.

Questions a Referral Partner Should Ask Before Submitting

- Are recent deposits representative of a normal month?
- Were there any one-time expenses or disruptions during this period?
- Are customers taking longer to pay than usual?
- Has the business added or lost a major customer recently?
- Are current debt payments putting pressure on working capital?
- Is the requested payment structure compatible with the way revenue enters the business?

4. EXISTING DEBT: THE OBLIGATIONS ALREADY IN THE ROOM

Every dollar of financing a business is already repaying is a claim on the same cash flow a new loan or line would draw from. That is why a complete and accurate picture of existing debt matters as much as the request itself.

This picture is often broader than a single loan. It can include current loans and lines of credit, credit cards used for business purposes, equipment financing, vehicle loans, mortgages or other property-related obligations, tax payment plans, and merchant cash advances or other sales-based financing. It also includes the practical shape of those obligations: whether payments are due daily, weekly, or monthly; whether a balloon payment or maturity is approaching; and, when a personal guarantee is involved, whether relevant personal obligations are part of the picture as well. Even a recently satisfied debt is worth noting if it still appears on a credit report or in recent statements — an unexplained trace of an old obligation can raise a question that a simple note would have answered.

Undisclosed debt does not become invisible when it is left off an application. It typically surfaces anyway, through a credit report, a bank statement, or a lien search — and when it surfaces after the fact rather than up front, it creates an inconsistency that takes time to resolve and can affect how the rest of the file is read. This is not a small factor: in the 2024 Small Business Credit Survey, firms denied all or part of the financing they sought were nearly twice as likely to cite too much existing debt as the reason, compared with 2021 (41% versus 22%), and the share of firms carrying more than \$100,000 in outstanding debt has remained above pre-pandemic levels. [3]

None of this means existing debt automatically disqualifies a business; most operating companies carry some. What credit needs is the complete obligation picture, not a perfect balance sheet.

FIELD	WHAT TO INCLUDE
Lender or creditor	Name of the institution or funder
Original balance	Amount originally financed
Current balance	Balance as of the most recent statement
Payment amount	Dollar amount per payment
Payment frequency	Daily, weekly, or monthly
Maturity date	When the obligation is scheduled to end

Collateral	Any assets securing the obligation
Payoff status	Current, delinquent, or in the process of payoff
Remains after financing?	Whether it will stay in place or be replaced

Table 1. The fields that create a complete view of existing obligations.

5. DOCUMENTATION: WHERE PREVENTABLE DELAYS BEGIN

Most delays in a commercial financing review have nothing to do with the quality of the business. They come from documentation that is incomplete, outdated, illegible, or inconsistent — problems that are almost always preventable before submission.

Common issues include missing pages in a bank statement, screenshots submitted in place of a complete statement, statements pulled from the wrong account, financials that are months out of date, a business name or address that does not match across documents, unexplained transfers between accounts, tax returns that do not reconcile with other financials, a debt schedule that is missing or incomplete, financial statements covering different or overlapping periods, application details that conflict with the supporting documents, unclear ownership information, and a use-of-funds description too vague to evaluate. Individually, most of these are minor. Together, or left unexplained, they slow a review down and can make an otherwise strong file harder to read.

The Clean File Standard

A clean submission is not a flawless one — it is one that is complete, current, legible, properly labeled, internally consistent, relevant to the request, and accompanied by a concise explanation wherever something needs context. That standard does not require a business to be perfect. It requires the file to accurately represent the business that exists.

- Complete — every page, every statement, every schedule included
- Current — reflects the business as it operates today
- Legible — scanned or photographed clearly, not cropped or blurred
- Properly labeled — clear filenames and matching account and business names
- Internally consistent — the same facts appear the same way everywhere they appear
- Relevant to the request — tied to the amount and purpose being asked for
- Accompanied by concise explanations where needed

Document requirements are not identical across every lender, product, requested amount, business, or stage of review. Rather than assume a single universal checklist applies to every situation, Referral Partners are best served by confirming current requirements with their ARF Financial representative for the specific opportunity in front of them.

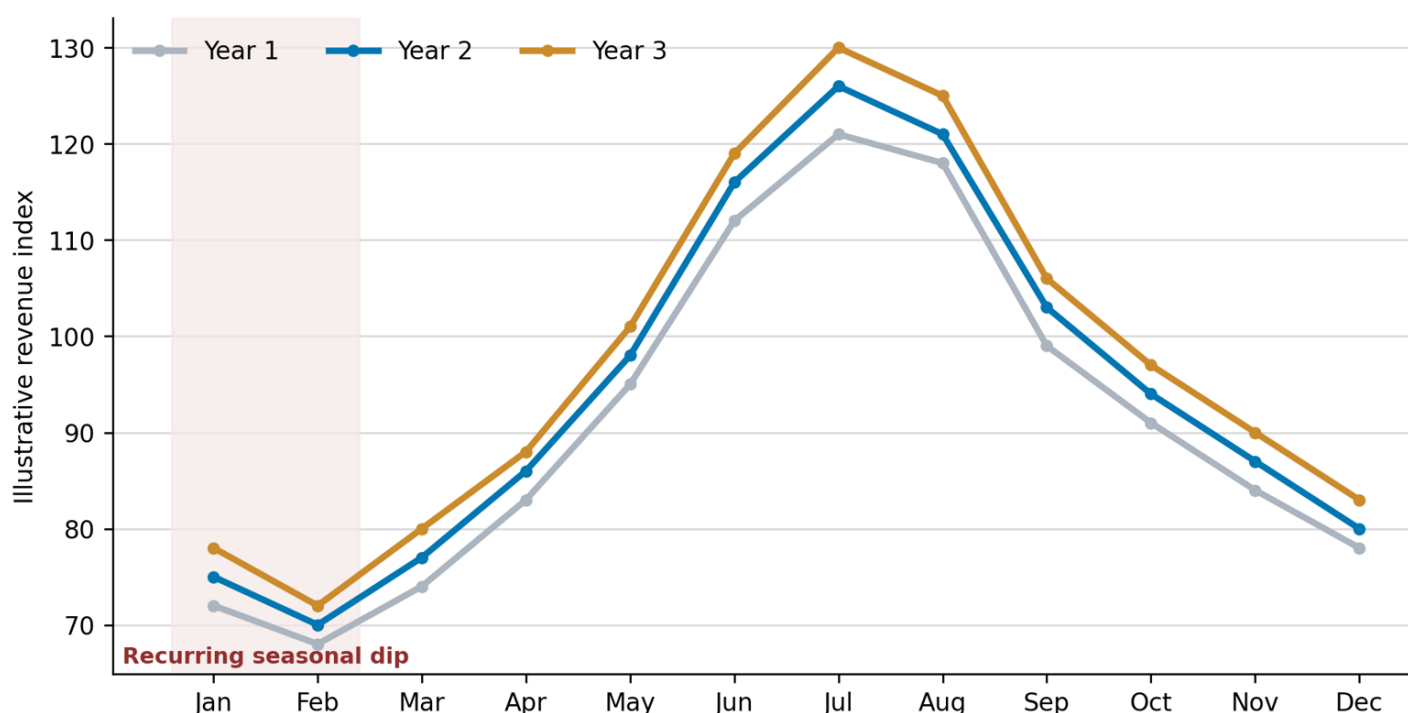
6. SEASONALITY: A PATTERN IS NOT AUTOMATICALLY A PROBLEM

A revenue decline can look very different depending on whether it arrives with context. A tourism-dependent restaurant's slow shoulder season, an HVAC contractor's winter lull, a landscaping company's off-season, a retailer's pre-holiday build-up, a tax and accounting firm's post-April drop-off, or a construction business waiting on weather or permitting can all produce numbers that look concerning in isolation and unremarkable in context.

The context a Referral Partner can add is often simple: a year-over-year comparison showing the same seasonal dip in prior years, information about bookings or signed contracts already on the calendar, a description of how quickly the business has recovered from this pattern before, inventory or staffing plans tied to an upcoming season, or a short explanation directly from the business owner about what is driving the current numbers.

None of this proves that a decline is purely seasonal rather than a sign of broader deterioration — that distinction usually requires more than one document to establish. But an unexplained seasonal dip and an explained one are not the same submission, even when the underlying numbers are identical.

SEASONALITY IN CONTEXT



Illustrative example only. Not actual ARF Financial or borrower data.

Figure 5. A recurring seasonal dip becomes more understandable when compared with the same period across several years.

Context Does Not Replace the Numbers — it Helps Explain Them

7. USE OF FUNDS: SPECIFICITY BUILDS CREDIBILITY

“Working capital” is accurate for almost any financing request, which is exactly why it does not tell credit very much on its own. The more specific the description, the more useful it is — not because a compelling purpose guarantees anything, but because specificity is what lets a reviewer evaluate whether the request makes sense.



- “Working capital” versus purchasing inventory ahead of the holiday season
- “Expansion” versus opening a second location and purchasing kitchen equipment
- “Cash flow” versus covering payroll and materials while awaiting payment on completed contracts
- “Refinancing” versus replacing several high-frequency payments with a single, more predictable structure

A specific use of funds helps credit evaluate why the financing is needed, why it is needed now, whether the requested amount is reasonable for that purpose, whether the proposed structure fits the timeline of that purpose, and how the financing is likely to affect the business’s operations going forward. It also gives the Referral Partner a natural way to connect the story to the numbers, rather than leaving that connection for the reviewer to construct. It’s a connection lenders look for directly: the most common reasons small businesses cite for seeking financing are covering operating expenses and pursuing an expansion or new opportunity — broad categories that, in practice, are made useful only by the specifics behind them. [3]

Specificity is not, by itself, a substitute for the ability to repay. A well-described use of funds can make a file easier to evaluate. It cannot make an unaffordable request affordable.

USE OF FUNDS CLARITY LADDER

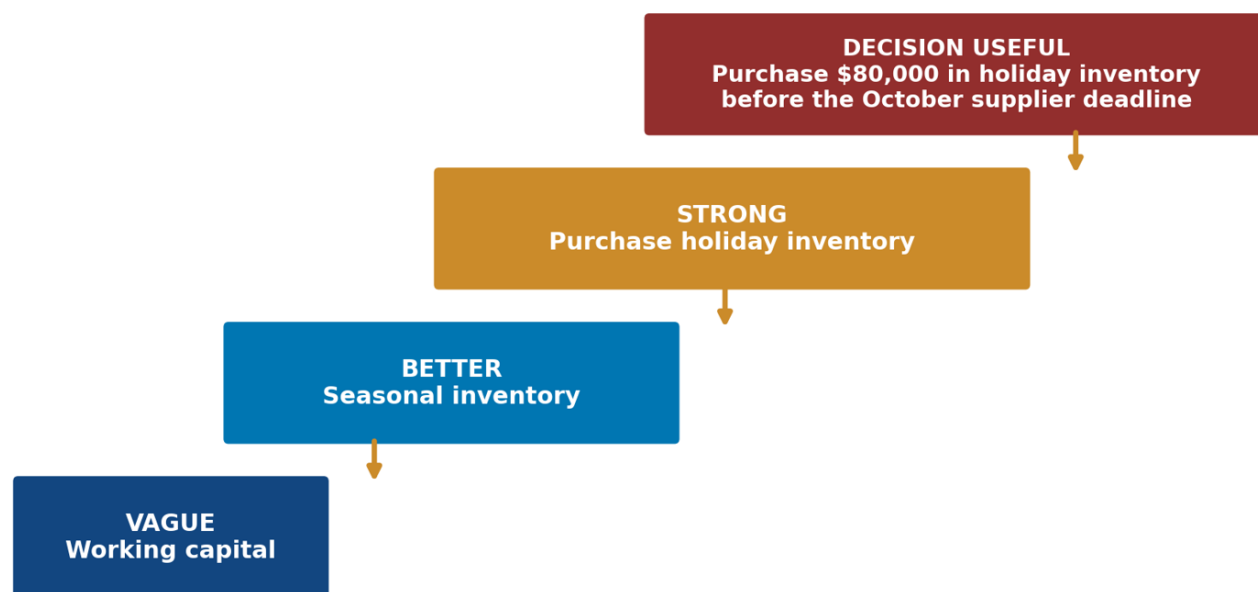


Figure 6. More specific use-of-funds descriptions give the reviewer information that can be evaluated.

8. STRUCTURE: DOES THE REQUEST FIT THE NEED?

A viable business can still bring forward a request that does not fit its situation — an amount, term, or payment structure mismatched to the actual need. Recurring working-capital fluctuations financed with a single fixed-term loan, a long-lived piece of equipment financed over an unreasonably short period, a one-time loan used to cover a need that recurs every season, or a request sized well above or well below what the stated purpose supports can each create friction, independent of the underlying strength of the business.

The most reliable starting point is the business need itself, rather than a predetermined product. What is the money actually going to do, and over what time period will it do it? A request that begins there is easier to structure — and easier to evaluate — than one that starts with a product and works backward to a justification.

BUSINESS NEED	QUESTIONS TO CONSIDER	POTENTIAL STRUCTURAL QUESTIONS
Recurring working-capital fluctuations	Will the business need to borrow, repay, and access funds again?	Revolving access may be worth evaluating
Equipment purchase	How long will the equipment produce value?	Term and payment should reflect the useful life
Seasonal inventory	When will inventory convert back to cash?	Timing and payment structure matter
Debt refinancing	What obligations will be replaced, and what remains?	Compare payment burden and total obligations
Expansion	When is the investment expected to begin generating revenue?	Consider the ramp-up period and working-capital needs

Table 2. General structural considerations for common business needs.

These are general considerations for thinking through a request, not product recommendations or approval rules. The right structure for a given business depends on details specific to that business.

9. THE QUESTIONS THAT CREATE CONFIDENCE — OR MORE WORK

Some submission characteristics consistently make a file easier to work with; others consistently create additional questions. Neither guarantees an outcome on its own, but together they shape how efficiently a review moves forward.

SUBMISSION CHARACTERISTIC	LIKELY EFFECT
Complete debt schedule	Clarifies existing obligations
Unexplained decline in deposits	Creates questions about current performance
Missing statement pages	Prevents a complete review
Consistent application and documents	Builds confidence in the file's accuracy
Conflicting revenue figures	Requires clarification
Concise explanation of a one-time event	Provides useful context

Long promotional narrative without supporting details	Adds volume without resolving credit questions
Properly labeled documents	Makes the file easier to review
Multiple versions of the same document	Creates uncertainty about which information is current

Table 3. Submission characteristics that can build confidence or create more work.

None of these characteristics operates in isolation, and no single item on either side of this table determines a result by itself. The pattern across a file matters more than any one line in it.

10. WHAT A USEFUL CREDIT MEMO LOOKS LIKE

A short, well-organized submission summary can do more to help a file move efficiently than almost anything else a Referral Partner submits — not because it replaces the underlying documents, but because it orients the reviewer before they get into them.

A useful summary includes the following:

- Business name, industry, time in business, and ownership
- Financing amount requested and specific use of funds
- Current business situation and recent financial trend
- Existing debt summary and relevant seasonality
- Material irregularities and their explanations
- Documents included, and any questions or items still outstanding

The goal is accuracy, not persuasion. A summary that hides a weakness or buries it under promotional language tends to backfire — it reads as evasive once the reviewer reaches the documents themselves, and it can slow things down rather than speed them up. A summary that states the facts plainly, including the parts that need explanation, tends to build more confidence in the file as a whole.

Sample Submission Summary (Fictional Business)

Coastal Grille & Bar (fictional) has operated for seven years in a beach town with a defined tourist season. The business is requesting \$85,000 to purchase kitchen equipment and build inventory ahead of its peak spring-through-summer period. Revenue declined 18% over the past two months, consistent with the same seasonal pattern in each of the past three years; year-over-year comparisons and prior-season recovery data are attached. The business carries one existing equipment loan with a current balance of \$22,000, which will remain in place after this financing. Twenty-four months of complete bank statements, two years of tax returns, and a current debt schedule are included. Ownership is requesting a payment structure aligned with the business's seasonal cash-flow pattern.

11. DETAILED HYPOTHETICAL CASE STUDY

Riverside Hardware & Supply

Riverside Hardware & Supply is a fictional 12-year-old hardware store in a mid-sized town, family-owned, with steady foot traffic and a loyal contractor customer base. The owner approached a Referral Partner about financing to “support growth and cash flow” — a phrase that, on its own, tells a lender very little.

The First Submission

The initial file requested \$150,000 with the use of funds listed simply as “working capital.” Three months of bank statements were included, but two contained missing pages. The debt schedule listed a single equipment loan but omitted a merchant cash advance the owner had taken out four months earlier — a fact that surfaced through a credit report search rather than the application. Revenue in the most recent two months was down 15% from the same period the year before, with no explanation attached. The store’s sales are historically stronger in spring and early summer, when local contractors ramp up projects, but nothing in the file mentioned this pattern. The requested amount did not tie to any specific figure — no budget, no vendor quote, no cost estimate.

Taken together, this file raised several questions before it raised any conclusions: What is the \$150,000 actually funding? Why does the debt schedule not match the credit report? Is the recent revenue decline seasonal, or something else? Why are two statements incomplete? None of these questions meant the business was a poor fit for financing — but none of them could be answered from the file as submitted, which meant the review would stall until they were.

The Revised Submission:

Working with the owner, the Referral Partner rebuilt the file. Complete, current bank statements replaced the partial ones. The debt schedule was corrected to include the merchant cash advance, along with its balance, payment amount, and payoff status. The seasonal pattern was documented with three years of year-over-year revenue comparisons, showing the same dip in the same months each year, followed by a consistent spring recovery. The use of funds was narrowed to a specific plan: \$95,000 for inventory ahead of the spring contractor season, and \$40,000 to replace two aging delivery trucks, supported by vendor quotes. A one-paragraph submission summary tied these pieces together and flagged the merchant cash advance up front rather than leaving it to be discovered.

The revised file did not change what Riverside Hardware & Supply is. It changed how clearly that business could be seen. The revenue dip that once looked unexplained now had three years of precedent behind it. The debt picture that once had a gap now matched the credit report. The \$150,000 that once had no clear destination now had a specific one, tied to a specific season.

This does not mean the revised file was approved — a clean submission is not a guarantee. It means the file gave the lender a complete and accurate basis to evaluate the opportunity Riverside Hardware & Supply actually represents.

RIVERSIDE HARDWARE AND SUPPLY

FIRST SUBMISSION

- ✗ Vague “working capital” purpose
- ✗ Two statement pages missing
- ✗ Debt schedule omits an obligation
- ✗ Seasonal decline unexplained
- ✗ Requested amount unsupported

REVISED SUBMISSION

- ✓ Itemized inventory and equipment budget
- ✓ Complete current statements
- ✓ All obligations reconciled
- ✓ Three-year seasonal context
- ✓ Amount tied to documented uses

The business did not change. The file became easier to understand and evaluate.

Figure 7. The revised submission presents the same fictional business with clearer, complete, and reconciled information.



12. THE PRE-SUBMISSION REVIEW

This checklist is designed to be used as a final review before sending a file forward, and it can be extracted and used as a standalone one-page resource.

Business Information

- Legal business name
- Doing-business-as name
- Ownership
- Industry
- Time in business
- Address and operating locations
- Contact information

Financing Request

- Amount requested
- Specific use of funds
- Timing
- Preferred structure
- Reason the need exists now

Financial Information

- Current financial statements
- Bank statements
- Revenue trends
- Cash-flow considerations
- Accounts receivable
- Inventory
- Large or unusual transactions
- Seasonal patterns

Existing Obligations

- Complete debt schedule
- Payment amounts
- Payment frequencies
- Current balances
- Maturities
- Payoff plans
- Recently satisfied obligations

Document Quality

- All pages included
- Documents are current
- Files are legible
- Consistent names and dates
- Clear filenames
- Duplicate or obsolete versions removed
- Explanations attached where appropriate

Final Consistency Check

- Application matches supporting documents
- Requested amount matches the stated use
- Business narrative matches the financial evidence
- Important weaknesses are explained honestly
- Outstanding questions are identified before submission

13. WHAT REFERRAL PARTNERS SHOULD NEVER DO

Most of what makes a file stronger is a matter of completeness and clarity. A short list of practices, though, can actively damage credibility — for the file in front of credit and for a Referral Partner's working relationship with the lender over time.

- Omitting debt that is known but not yet disclosed
- Altering or manipulating documents in any way
- Guessing at figures when accurate information is not available
- Submitting an incomplete file simply to get it into the queue
- Describing a short-term financing product as a permanent solution
- Making promises about approval, rates, terms, or timing that are not within the Referral Partner's authority to make
- Hiding a negative event rather than explaining it
- Sending large volumes of irrelevant material in place of the specific documents requested
- Pressuring a business into a structure it cannot reasonably support

None of this is about assigning blame — most of these issues happen because a Referral Partner is trying to move quickly and help a client, not because of any intent to mislead. But speed that comes at the cost of accuracy tends to cost more time than it saves, and it can put both the business and the relationship at risk. A slower, complete submission is almost always faster in the end than an incomplete one submitted twice.

14. A CLEANER FILE IS A BETTER CONVERSATION

Before credit can trust the story, the file has to support it.

That idea does not ask Referral Partners to make every submission look flawless. Real businesses have seasonality, setbacks, unusual expenses, changing customers, and existing debt — that is not a defect in a file, it is what an operating business looks like. The value a Referral Partner adds is not in hiding that complexity. It is in organizing it, so a lender can see the business accurately, completely, and in context.

A complete file will not turn a request that does not fit into one that does. It will not make an unaffordable structure affordable, and it will not guarantee approval for any business, however strong its story. What it does is give the lender an accurate and complete basis for evaluating the opportunity — which is the most any submission can reasonably promise, and the thing every Referral Partner is fully capable of delivering.

The strongest submissions this white paper has described do not hide complexity. They organize it: a clear use of funds, a complete debt picture, current and consistent documents, an explained irregularity, a structure that fits the need. None of it is complicated. Most of it is simply a matter of asking the right questions before hitting submit rather than after.

Before Your Next Submission

Use the pre-submission checklist in Section 12 as a final review before sending a file forward. Contact your ARF Financial representative with questions about documentation requirements or potential fit before you submit — not after.

SOURCES

[1] U.S. Small Business Administration, Office of Advocacy. “Frequently Asked Questions About Small Business 2026.” February 3, 2026. <https://advocacy.sba.gov/2026/02/03/frequently-asked-questions-about-small-business-2026/>

[2] Federal Deposit Insurance Corporation. “2024 Small Business Lending Survey Report.” October 2, 2024. <https://www.fdic.gov/publications/small-business-lending-survey-2024>

[3] Federal Reserve Banks. “2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey.” Small Business Credit Survey. March 27, 2025. <https://www.feds-smallbusiness.org/survey/2025-report-on-employer-firms>

For Further Reading

- Federal Reserve Small Business Credit Survey (general resource and methodology): <https://www.feds-smallbusiness.org>
- U.S. Small Business Administration (general program and lender information): <https://www.sba.gov>

FACT-CHECK TABLE

The table below documents every statistic and time-sensitive claim used in this white paper.

CLAIM OR STATISTIC	EXACT WORDING USED	SOURCE	PUBLICATION DATE	DATA PERIOD	VERIFICATION NOTES
Small businesses represent the large majority of U.S. firms and a substantial share of private-sector employment.	“Approximately 36.2 million small businesses operate in the United States, representing 99.9% of U.S. businesses and employing nearly half of private-sector workers.”	U.S. Small Business Administration, Office of Advocacy. “Frequently Asked Questions About Small Business 2026.”	February 3, 2026	2023 Census Bureau (Statistics of U.S. Businesses) data	Source reports 36.2 million small businesses and 45.9% of private-sector employment.
Small business lending remains relationship-driven and staff-intensive rather than fully automated.	“small business lending at U.S. banks remains a relationship-oriented, staff-intensive process — loans are generally underwritten and approved by people rather than by fully automated systems”	FDIC, “2024 Small Business Lending Survey Report”	October 2, 2024	Survey fielded June 2022–January 2023	Consistent with FDIC press materials and Chairman Gruenberg’s public remarks on the report’s findings.
More than half of small businesses report challenges with operating expenses or uneven cash flow.	“56% of firms cited paying operating expenses and 51% cited uneven cash flow among their financial challenges of the prior year”	Federal Reserve Banks, “2025 Report on Employer Firms” (2024 SBCS)	March 27, 2025	Survey fielded September–November 2024	Figures confirmed directly in the published report findings.

Firms denied financing were far more likely in 2024 than 2021 to cite excess existing debt as the reason.	“firms denied all or part of the financing they sought were nearly twice as likely to cite too much existing debt as the reason, compared with 2021 (41% versus 22%)”	Federal Reserve Banks, “2025 Report on Employer Firms” (2024 SBCS)	March 27, 2025	Survey fielded September–November 2024, compared to 2021 SBCS	Figures confirmed directly in the published report findings.
The share of firms carrying more than \$100,000 in outstanding debt remains above pre-pandemic levels.	“the share of firms carrying more than \$100,000 in outstanding debt has remained above pre-pandemic levels”	Federal Reserve Banks, “2025 Report on Employer Firms” (2024 SBCS)	March 27, 2025	Survey fielded September–November 2024	Report states this share (39%) was unchanged from 2023 but remains elevated versus pre-pandemic years.
The most common reasons small businesses seek new financing are covering operating expenses and pursuing expansion.	“the most common reasons small businesses cite for seeking financing are covering operating expenses and pursuing an expansion or new opportunity”	Federal Reserve Banks, “2025 Report on Employer Firms” (2024 SBCS)	March 27, 2025	Survey fielded September–November 2024	Report cites 56% (operating expenses) and 46% (expansion/new opportunity).

Table 4. Fact-check record for statistics and time-sensitive claims used in this paper.