

U.S. Small Business Administration

Low Documentation Smaller Business Loans

The SBA_{LowDoc} Loan Program

Streamlined for success

Easy, one-page application

Quick SBA turnaround

SBA_{LowDoc}--

- simplifies the making of small business loans.
- features a maximum loan amount of \$150,000.
- provides a response from the SBA within 36 hours of receiving a complete application.

Count on it!

- offers an SBA guaranty of up to 85 percent for loans up to \$150,000.

How It Works

A U.S. Small Business Administration guaranty enables lenders to make loans they might not otherwise make on their own. Once a small business borrower completes a private lender's application and meets the lender's requirements, the lender may request an SBA_{LowDoc} guaranty. The guaranty request is a quick, two-step process:

- The borrower completes the front of the SBA's one-page application, and the lender completes the back.
- The lender submits a complete application to the SBA and receives an answer within 36 hours.

SBA_{LowDoc} allows lenders to take advantage of electronic loan processing.

Interest Rates

Interest rates may be negotiated between the borrower and lender, may be fixed or variable, are tied to the prime rate (as published in The Wall Street Journal), and may not exceed the following SBA maximums:

- 2.25 percent over prime for loans of less than seven years, and
- 2.75 percent over prime for loans of seven years or longer.

Loans under \$50,000 may be subject to higher rates.

Collateral

- To secure the loan, the borrower must pledge available assets; loans are not declined when inadequate collateral is the only unfavorable factor.
- Personal guaranties of the principals are required.

Maturity

The length of time for repayment depends on --

- ability to repay,

- use of the loan proceeds, and
- the useful life of the assets being financed.
 - Working-capital loans generally have five to seven years to maturity.
 - Fixed-asset loans can have up to 25 years to maturity.

Eligibility

A business loan is generally eligible for SBA LowDoc if –

- the purpose of the loan is to start or grow a business;
- the existing business has average annual sales for the preceding three years not exceeding \$5 million, and the business, including affiliates, employs no more than 100 people;
- the business and its owners have good credit; and
- the business owners are of good character.

For More Information

SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory, or contact:

- Phone: 1-800 U ASK SBA
- Fax: 202-481-6190
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness: 1-888-REG-FAIR
- Internet
 - Home page: <http://www.sba.gov>
 - Gopher: <http://www.sba.gov/gopher>
 - U.S. Business Advisor: <http://www.business.gov>

SBA Partners

Inquire at your local SBA office for the location nearest you.

- Business Information Centers (BICs)
- Tribal Business Information Centers (TBICs)
- One Stop Capital Shops (OSCSs)
- Service Corps of Retired Executives (SCORE)
- Small Business Development Centers (SBDCs)
- U.S. Export Assistance Centers (USEACs)
- Women's Business Centers (WBCs)

Publications

- *The Facts About ... SBA Publications* – a listing of free SBA publications

SBA – America's Small Business Resource

Did you know that in fiscal 2000 the SBA –

- backed a record of nearly \$18 billion in financing to America's small businesses?
- approved more than 50,400 small business loans totaling almost \$12.4 billion?
- made more than 4,600 investments worth \$5.6 billion through its venture capital program – a 33 percent gain over fiscal 1999?

- provided more than 28,000 loans totaling approximately \$1 billion to disaster victims for residential, personal-property and business loans?
- extended management and technical assistance to an estimated 1.23 million entrepreneurs through its resource-partner programs?
- responded to almost a quarter million telephone and e-mail inquiries at the SBA Answer Desk?

Did you know that America's 25 million small businesses -

- employ more than 58 percent of the private work force?
- generate more than 51 percent of the nation's gross domestic product?
- are the principal source of new jobs?

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.

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