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SBA LAUNCHES SMALL/RURAL LENDER ADVANTAGE INITIATIVE IN REGION V

New Loan Service to Foster Small Business Growth in America

WASHINGTON---The U.S. Small Business Administration today extended to its Region V an initiative aimed at fostering economic development in America's rural areas by making it easier for smaller community banks and credit unions to use SBA loan products to finance small businesses. Previously this rollout was scheduled for July, but in the wake of the recent Midwest flooding, the SBA is launching this program early to assist those borrowers who were impacted by these floods.

Small/Rural Lender Advantage is part of the agency's 7(a) loan program and encourages smaller and/or rural lenders (lenders making 20 or fewer SBA loans a year) to offer SBA loans by streamlining the SBA's loan application and approval processes. This pilot was initiated and tested in SBA's Region VIII (North Dakota, South Dakota, Colorado, Wyoming, Utah and Montana) in January. Following enhancements to further streamline it, SBA is now extending the initiative to Region V, which covers Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin. SBA expects to expand the initiative nationwide by the end of the fiscal year.

"Companies throughout America, especially rural America, rely on community banks to finance their growth, and rural small businesses often need strong relationship support, which small community banks are qualified to provide," said SBA Deputy Administrator Jovita Carranza. "We are committed to expanding access to private capital for rural entrepreneurs by becoming a better partner for America's community banks."

The key features of Small/Rural Lender Advantage include:

- A shorter, simplified application for loans of \$350,000 or less;
- An expedited SBA loan processing time of 3-5 days for routine loans;
- Only limited, key financial documentation is required;
- An SBA guaranty of 85 percent is available for loans of \$150,000 or less; 75 percent if the loan is larger;
- Loan applications may be faxed or e-mailed to SBA;
- A simplified loan eligibility questionnaire is provided to help small or occasional SBA lenders understand SBA's eligibility criteria; and
- SBA provides specialized assistance to small/rural lenders on complex eligibility issues.

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This new service is intended to increase SBA's market penetration with smaller lenders and in rural areas. Small businesses account for two-thirds of all rural jobs and comprise more than 90 percent of all rural establishments. However, the number of banks nationwide taking advantage of SBA loan programs has declined by almost 400 over the past two years. By streamlining the process and reducing the paperwork, SBA is intent on winning them back.

“Small businesses are the growth engines of many communities, especially rural communities” said Carranza. “We are very proud to introduce Small/Rural Lender Advantage as a financial tool to spur that growth.”

For more information about all of the SBA's programs for small businesses, call the SBA Answer Desk at 1-800 U ASK SBA or TDD 704-344-6640, or visit the SBA's Web site at <http://www.sba.gov>.

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