



NEWS RELEASE

MAINE DISTRICT OFFICE

America's Small Business Resource

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"Maybe SBA's *LowDoc* Can Help"

Augusta, Maine.....The role of the United States Small Business Administration (SBA) is not only to provide businesses opportunities to access funds through the agency's myriad loan guarantees, but to provide assistance through resource partners to provide training and assistance.

"Although the SBA is in business to assist those wishing to start or expand a business, and the agency-backed loans are usually easier to secure than conventional financing, borrowers still must demonstrate that they are credit worthy. An individual needs an unblemished credit history, or if problems exist, they must be resolved prior to the submission of the loan application. "

Since most (either starting a business or expanding a business) loan needs fall under \$150,000, a discussion of the *LowDoc* program seems appropriate.

- The total loan amount of any loan request processed under *LowDoc* procedures (including the balance of any other exiting or pending SBA loans except disaster loans) can not exceed \$150,000.
- As part of the overall character evaluation, an applicant's credit history is significantly relied upon during the processing of *LowDoc* applications. As a result, applicant concerns and their principals can not have a negative credit history including no experience with bankruptcy.
- Each owner, partner, or shareholder must not be: presently under indictment, on parole or probation; charged for any criminal offense other than a minor motor vehicle violation; or convicted, placed on pre-trial diversion, or on any form of probation, including adjudication withheld pending probation, for any criminal offense other than a minor motor vehicle violation.
- The Business must meet the size standards established for the *LowDoc* program.
- No more than 25 percent of the proceeds on any loan processed under *LowDoc* procedures may be used to repay same institution debt (i.e., debt owed to the lender submitting the application). The lender may refinance existing non-SBA applicant debt only when the debt is not already financed or cannot be refinanced on reasonable terms elsewhere, and a substantial benefit will be provided to the applicant. The refinance must provide at least a 20% decrease in the scheduled amortized payment from that of the existing debt.
- SBA requires the personal guaranty of any person owning 20 percent or more of the business.
- Upon receiving a complete application package the *LowDoc* Processing Center will attempt to respond to a *LowDoc* guaranty request within 36 hours, based upon consecutive working days.

It should be noted that some loans that fail to meet the *LowDoc* requirements could still be processed through the 7(a) application process.

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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. Also, visit the SBA's extensive Web site at www.sba.gov and the Maine District Office web site at www.sba.gov/me. The SBA, in co-sponsorship with Staples, has introduced an online newsletter **SBA Solutions**. For a free subscription, go to <http://web.sba.gov/list>, and select New **SBA Solutions Newsletter**.