



News Release

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SBA LAUNCHES SMALL/RURAL LENDER ADVANTAGE INITIATIVE IN REGION II

New Loan Service to Foster Small Business Growth in America

WASHINGTON---The U.S. Small Business Administration today extended to its Region II an initiative aimed at fostering greater economic development in America by making it easier for smaller community banks and credit unions to use SBA loan products to finance small businesses.

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 initiative was launched 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 taking the initiative nationwide and is extending it to SBA's Region II, which covers New York, New Jersey and Puerto Rico.

"Small community based banks play a major role in financing small businesses throughout America, particularly rural America," said SBA Acting Administrator Sandy K. Baruah. "These businesses often depend on support from their local banks. Through the Small/Rural Lender Advantage initiative, the SBA is showing its commitment to helping banks expand access to private capital for entrepreneurs in small communities."

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;
- Reduced financial documentation requirements;
- An SBA guaranty of 85 percent for loans of \$150,000 or less; 75 percent if the loan is larger;
- Loan applications that can be faxed or e-mailed to SBA;
- A simplified loan eligibility questionnaire to help small or occasional SBA lenders understand SBA's eligibility criteria; and
- 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 community-based lenders. Small businesses account for two-thirds of all America's jobs, but the number of banks nationwide taking advantage of SBA loan programs has declined by almost 400 over the past two years. By streamlining its loan procedures and processes and reducing the paperwork, SBA is intent on winning them back.

"Small businesses are the growth engines of the American economy," said Baruah. "SBA is very proud to introduce Small/Rural Lender Advantage as another financial tool to spur economic growth and job creation."

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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