

NEWS

OF SMALL BUSINESS

Loans To Entrepreneurs Soar

(NAPSA)—Access to capital is critical to the success of most small businesses. That's why it's heartening to see that more and more entrepreneurs are getting the credit they need to make their dreams come true.

Over the past year, the Small Business Administration (SBA) helped businesses get nearly 100,000 loans, setting a record for the fifth consecutive year. That figure more than doubles the number of loans made in fiscal year 2000.

Banks are partnering with the SBA as well, with financial services giant Bank of America extending SBA loans to qualified start-ups that have been in business for 30 days or less.

"The SBA provides us an option for approving loans for businesses that may not have qualified for one in the past," says Rob Aulebach, Small Business Banking Executive for Bank of America.

Since these customers usually do not have a business with an established credit history, banks have to look at other factors. Known as the "five C's," these include a prospective borrower's cash, collateral, character, capacity (to repay debt) and personal credit background.

SBA loans

The most common loans granted through the SBA are called 7(a) Express loans, which are used by small businesses primarily for working capital. The second largest category of loans are called Certified Development Company loans, known as 504s, and these are used to purchase or develop land, facilities or equipment.

Tips for Meeting with a Lender

The following tips can help small business owners make the right impression with prospective lenders:

- Bring your business plan and a completed loan application.
- Keep your presentation to 30 minutes. Give an overview at the beginning and plan ahead on how you are going to end the presentation.
- Invite your lender to your business location. If you are expanding or remodeling, explain your plans.
- Answer all negative questions with positive answers. Back up your answers.
- Find out when you can expect an answer. Request decisions or negotiations made on the telephone be put in writing.



The total number of loans in both categories is up this year. Interestingly, so is the total number of loans to women and minorities—two quickly growing segments of the small business community. SBA loan dollars to minorities increased 26 percent over the previous year, while loan dollars to women increased 27 percent.

"This is fantastic news for small businesses and we're very pleased with the results our two main loan programs showed in FY 2005," said SBA Administrator Hector V. Barreto.

Bank of America is the nation's number one SBA lender for 2005. To learn more about small-business loans, visit www.sba.org or www.bankofamerica.com.