

Business Buyers Can Leverage SBA Lending

Finding the money to start your own small business can be a challenge. Over the decades, countless people have turned to the Small Business Administration (SBA) for help. A recent Inc. Magazine article, [“Kickstart Your Business Dreams with SBA Lending,”](#) by BizBuySell President, Bob House, explored how SBA lending can be used to the buyer’s advantage.



The article covers the basics of an SBA loan and who should try to get one. House notes that the SBA doesn’t provide loans itself, but instead facilitates lending and even micro-lending with a range of partners. The loans are backed by the government, which means that lenders are more willing to offer a loan to an entrepreneur who might not typically qualify for one. The fact is that the SBA will cover 75% of a lender’s loss if the loan goes into default.

Entrepreneurs can benefit tremendously from this program. In some cases, an SBA loan even means skipping the need for collateral. SBA loans can be used for those looking to open a business, expand their existing business or open a franchise.

House points out that getting an SBA loan has much in common with receiving other types of loans. For example, it is necessary to be “bank ready.” By “bank ready,” House means that all of your financial documentation should be organized, clear to understand and ready to go. Next, a buyer would need to check that he or she qualifies, find a lender and fill out the necessary SBA forms. In order to be eligible for an SBA loan, it is necessary that the business is a for-profit venture and that it will do business in the United States. Once the necessary forms have been submitted, it can take between 2 to 3 months for an application to be processed and potentially approved.

The simple fact is that the SBA helps thousands of people every year. If you are looking to buy a business or expand your current business, then working with the SBA could be exactly what you need. Of course, M&A Advisors are experts on what it takes to buy. Working with an M&A Advisor stands as one of the single best ways to turn the dream of owning a business into a reality.

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