

## Can You Apply for An SBA Business Loan?

Copyright (c) 2010 Irish TaylorIt is easy to see that small enterprises play a huge factor in the development and growth of a country's economy. The federal government is aware of this simple fact. Hence, the government has organized the Small Business Administration or the SBA to lend a hand particularly to small businesses in the United States. The SBA was launched in 1953 in compliance with the Small Business Act. It is important to realize that the SBA does not directly grant cash fund or loans for businesses. One of the reasons why SBA was created is to help smaller businesses whose loan applications have been previously rejected by banking institutions or private loan companies. If you have attempted to apply for a business loan before but your application was declined, you can get in touch with the SBA and ask for assistance. Subsequently, the SBA would be the agency to work with you in choosing the right loan provider who would be ready to give you the loan you need. There are different business loan programs accessible through the SBA. These are the Loan Guarantee Program for new and growing businesses; the 504 Fixed Asset Financing Program for business construction projects and land purchases; the MicroLoan Program which amounts up to \$35,000; the Economic Development Program which gives free counselling and low-cost training; and the 8(a)-Business Development Program for entrepreneurs who are regarded as socially and economically disadvantaged. SBA Loan RestrictionsThe approval of your loan is dependent upon four factors: the kind of business you own, the size of your company, your goal for borrowing funds, and special conditions. In order to get approved, the applicant should be the owner or should have invested a considerable amount in the company. It needs to be a small business, which means it must be individually owned and dominant in size. Business loans can be used for buying business equipment, stocks, real estate, for renovation, or as a working capital. Special Conditions pertains to business franchises, clubs, farms, fishing boats, schools, etc. The SBA has specified rules and regulations in case the business fails to meet the requirements of this category. Keep in mind that you can never use an SBA loan to repay current debts and delinquent taxes. In some instances, a small business may be approved if it can prove that refinancing will be advantageous for the organization and that the debts were not a direct result of uncontrolled spending or financial mismanagement. Who else are not qualified to get an SBA loan? Selected types of businesses are disqualified and these are companies with questionable foundation or are suspected to perform illegal activities. Gambling businesses, pyramid schemes, lending activities and real estate investments are just to name a few. Religious and non-profit organizations are also not qualified. To sum up, keep in mind that:- to be considered for an SBA loan, you should first have been refused or declined by a commercial business loan lender; - the SBA will not directly release cash financing but coordinates with loan providers and financing firms on behalf of small businesses;- to obtain approval, a small business must be able to pass the SBA policies and guidelines for small businesses.

### About the Author

Irish Taylor is a business loan consultant with Startup Business Loans and has been providing consumers and business owners with startup business financing since 1992. For years, she has helped people with credit and loan problems especially pertaining to New Business Loan, [SBA loans](#) and [Business Start Up Financing](#) .

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