



Small Business Lending: Reimagined

Why better technology is the key to SBA growth

It's Time for Easier SBA

The pandemic and its subsequent wave of PPP loans exposed the general population to what SPARK has known for a long time: lenders that equip themselves with a modern, web-based platform from a trusted and proven partner can scale and meet demand regardless of the circumstances.

Another thing the pandemic exposed: Small Business Administration (SBA) forms and processes can be confusing for borrowers. Hence, individuals with SBA experience are increasingly in higher demand. Now, identifying and recruiting new talent with SBA knowledge is like finding a needle in a haystack. Managing the mound of required documents can be overwhelming. Keeping up with program changes is daunting. And perhaps worst of all, lenders and borrowers sometimes don't realize there's an issue until they're too far down the rabbit hole.

The path of least resistance is to ignore these issues completely. Most lenders choose to avoid

participating in the SBA program based on past experience or a friend's horror story of a guaranty gone wrong. This mindset results in most lenders letting small businesses that don't quite qualify for conventional financing go at it alone and fend for themselves.

But *reimagined* small business lending says SBA loan origination can be simple — almost invisible to the business owner. Smarter SBA lending can set the industry up for a new era where banks feel confident to guide and advise their borrowers, both conventional and marginal business owners, with the creation of a process and system where the small business community feels supported.

In this guide, we explore what hassle-free SBA lending looks like, how you can achieve it, and why it matters for the future of the lending community. →



The Challenges of SBA Lending

The U.S. Small Business Administration was created in 1953 as an independent agency of the federal government to aid, counsel, assist, and protect the interests of small business concerns, preserve free competitive enterprise, and maintain and strengthen the overall economy of our nation. Since then, the SBA has delivered millions of loans, loan guarantees, contracts, counseling sessions, and other forms of assistance to American small businesses.

But the world has changed quite a bit since the SBA's inception. Small business needs are different. The way we communicate is different. People have come to expect a certain level of ease and convenience in every interaction they have, whether that experience is with their local bank, grocery store, city or municipal government, or even the local mechanic — the experience matters.

Despite all the good the SBA program does, it still has a number of challenges to solve, including:

- **A CONFUSING AND COMPLICATED APPLICATION PROCESS.**

The SBA application was not written with simplicity in mind. The forms and questions don't match up well to the list of necessary documentation. Answer formats don't often correlate to the questions asked. Many business owners don't feel they can confidently complete the application without expert assistance and some simply just submit and hope for the best.

- **SECURING KNOWLEDGEABLE SBA TALENT.**

Hiring (and retaining) strong SBA talent into your operation has always been hard. Today, these professionals are in especially high demand due to the impact of the pandemic on small businesses and subsequent government lending.

- **MANAGING THE LONG LIST OF REQUIRED DOCUMENTS AND FORMS.**

The sheer volume of information an applicant must provide to the SBA is quite large. It becomes very time-consuming for both the borrower and the lender, who must engage in back-and-forth conversations for clarity and status updates.

Without [seamless SBA loan origination technology](#) in place, lenders are overworked, borrowers are frustrated and confused, and more small businesses are left struggling.

SPARK Speaks the SBA's Language

At our founding, we set out to simplify SBA loan origination by making it completely digital. We've spent years entrenched in the SBA, developing relationships with the agency, accumulating deep SBA knowledge, and curating a team of experts who have been exactly where you are as lenders, processors, closers, and managers.

That's how we've been able to build SPARK, a SaaS-based loan origination platform specializing in SBA as well as other business lending products. As a friend of SPARK once said, "If you can do SBA, you can do anything..." We've intentionally designed SPARK to simplify small business lending with:



Lightning fast start-up through pre-configured products, we make it easy to start submitting loans across our integration, directly to the SBA. Most software providers offer SBA tools as add-ons, potentially producing an SBA form here or there and calling it "ready for SBA lending"... SPARK's complete and proven SBA solution originates billions in SBA volume annually, passes all SBA and bank compliance audits, and comes ready for production right out of the box.



Dynamic data requests with a Q&A infrastructure that adapts to each individual transaction, SPARK prompts new inquiries based on how the business owners answer earlier questions. Gone are the days of Excel-driven checklists.



SBA eligibility tracking imbeds the SBA's Standard Operating Procedures (SOPs), helping lenders flag issues early and often so loans aren't processed until business owners can reach 100% eligibility.



E-TRAN integration directly connects SPARK to the agency and for 10 years we've been helping develop and test a number of the agency's updated transmission protocols. This means when each of our clients submit applications and documentation across the integration, it flows directly to the SBA, right from the platform.

Whatever it is, it's Easier with SPARK

With SPARK

- ✦ Business owners simple questions that are clearly worded – by entering this information once the same questions will be updated throughout the form.
- ✦ Business owners have direct platform access to enter their information so they can stay updated on the process and securely transmit data / documents to their lender.
- ✦ The SPARK borrower portal gives business owners more control over the process so they can chart their progress and what's still needed – even from their mobile phone.
- ✦ SPARK teaches and trains banks so those not proficient in SBA can still succeed – and even train other staff.
- ✦ SPARK has made important SBA connections to engage the agency faster than any organization and bring its attention to recurring issues.
- ✦ SPARK spots eligibility issues early and won't let processing begin until errors are completely resolved.

Without SPARK

- Business owners must (re)enter their name, phone, business form, tax ID, etc. 20+ times, plus more entry for each business partner.
- Lenders are the only ones with access to the loan origination system, meaning they spend time keying in borrower information.
- Gathering the long list of required documents is time-consuming. Questions and confusion create back-and-forth between borrower and lender.
- Banks need an SBA expert to guide them along the process and interpret changes or confusing language.
- The SBA application is overwhelming and confusing – and won't change without SBA knowledge.
- Banks may spend weeks or months processing an SBA loan only to realize there's an eligibility issue.



SPARK IN ACTION

SPARK's Robust SBA Capabilities Help First Republic Bank Originate 10k+ PPP Loans

First Republic Bank based in San Francisco, CA was completely new to SBA lending when the pandemic hit. Due to the vast unknowns of the early days of PPP, speed was of the utmost importance to the bank when it came to developing a loan origination process. Despite having no SBA department and little SBA institutional knowledge, SPARK onboarded First Republic in an unprecedented 48 hours. From there, the successes poured in. In just a few weeks, the team successfully originated more than 10,000 PPP loans – all made possible by a simple, repeatable, and scalable process.



The Long-Term Benefits of SBA Lending with SPARK

SPARK's value to SBA lenders goes well beyond functionality. Having a simplified SBA loan origination platform means you can:

- **WORK MORE EFFICIENTLY.**

Rely on automation and inherent platform design to eliminate data rekeying and manual workflows.

- **CONFIDENTLY GUIDE AND ADVISE YOUR BORROWERS.**

Understand and better track the SBA process so you have answers when business owners have questions.

- **MAKE DECISIONS AND CLOSE LOANS FASTER.**

View loan submissions and applicant data in one place. Track progress in real time so you know what specific items are still needed to move to the next step.

- **PROVIDE BETTER CUSTOMER EXPERIENCES.**

Eliminate the run-around of manually gathering required documents, and get business owners the funds they need as quickly as possible.

- **ATTRACT MORE BUSINESS.**

Use positive customer experiences to draw in more small business owners, which you can now handle thanks to automated efficiency.

“The SPARK lending platform has been a game-changer for The Bancorp as we continue to expand our SBA and small business lending business. The team at SPARK listened and understood our specific needs and was able to provide a client-facing system that is increasing our productivity on a daily basis.”

JEFF NAGER, EVP, HEAD OF COMMERCIAL LENDING AT THE BANCORP

The Bigger Picture: Purpose-Driven Lending

Sometimes, a small business just isn't the right fit for a bank loan. But too often, we miss the opportunity to connect them with a local non-profit lender. As we see it, banks and CDFIs are aligned in the service of small business owners. Supporting them means supporting the community and the future of lending. When a small business works with a CDFI to take out a non-profit loan, they can grow their business, giving them the stamina to eventually move back to the mainstream capital markets.

At SPARK, we feel a sense of responsibility to support and contribute to the small business community. It's who we are and where we came from. Combining our platform with the relationships we've built, we have a unique opportunity to connect small businesses with CDFIs, providing the business owner with access to responsibly priced capital.

We want to build a direct, systemic connection between small businesses and CDFIs when they're not a right fit for your bank. We envision an easy and seamless process that automatically redirects declined business owners to the right CDFIs and non-profit lenders operating within the SPARK network.



SPARK Provides Efficient SBA Lending for Community Impact

Since our founding, we've been driven by the same mission: to build a more inclusive economy that drives prosperity for all small business owners. Our values of empathy, integrity, creativity, and inclusivity bring us closer every day to achieving our mission with purpose-built technology and a team of passionate experts who genuinely care about lender and borrower success.

We're here to make SBA loan origination simpler and smarter – so more people have access to the capital they need.



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lending at lendwithspark.com

