

There's No Such Thing as a 'Dumb' Question

"It's better to be silent and be thought a fool than to speak out and remove all doubt."

- Abraham Lincoln

I hate to disagree with President Lincoln, but in many SBA and general business lending situations it's OK to ask a "dumb question." In fact, it's often better than OK. In the course of our business, our JRB consulting team often runs into "dumb question" scenarios. Sometimes asking that one question will save the loan, or not asking a question considered so elemental that it's beneath asking could lead to a negative result.

We've also found that it's often the standard things lenders don't ask about, especially when dealing with SBA loans. They're often so concerned about oddball issues that they miss the "gorilla in the room" - something as basic and routine as the borrower's inventory. They don't think about it until it adversely affects the loan closing.

SBA lending is complicated. Even experienced SBA lenders run across things they don't know. We've sometimes found that lenders with PLP status have a "we *should* know it all" mentality and hesitate to ask questions because they feel the SBA thinks they already know. It's impossible to know it all. The SBA provides tools such as SOP training, and the email question hotline, and trusts that lenders will use these and ask questions when in doubt. Asking such questions as "When do we transfer a loan to liquidation status?" and "Can we take a loan out of liquidation status once we've put it in?" won't cause the SBA to put a lender in a negative light and they certainly won't affect their PLP status.

In other cases, lenders might feel compelled to ask about their unilateral authority when the SBA has spelled it out. They ask, "What can I do under my unilateral authority?" or "Can I do this under my unilateral authority?" Even though the SBA clearly states what's within a lender's unilateral authority, it's alright to ask for clarifications from time to time.

Our recommendation: When in doubt, ask. Just don't tell Abe I said so!

SBA lending can be an important and profitable part of your business. Yet a high level of expertise is necessary, even for experienced lenders. At J.R. Bruno & Associates, we're experts at SBA lending. We should be. As an approved SBA Lender Service Provider, we've assisted hundreds of lenders with their SBA programs since 1994.

Contact us. We look forward to discussing your organization's situation and business lending needs. And we'll gladly answer your questions!

Joanna

Joanna Bruno
President
J.R. Bruno & Associates
870 Market Street, Suite 462
San Francisco, CA 94102
415.362.1200

joanna@jrbrunoassoc.com

Visit us at www.jrbrunoassoc.com