



## BUSINESS LENDING PLATFORM ASSOCIATION INTRODUCES SMART BOX

On October 24th, the Innovative Lending Platform Association (ILPA) introduced the SMART Box, a model pricing disclosure that uses common pricing metrics and standardized language to help small businesses compare funding options. Principal ILPA members include CAN Capital, Kabbage and OnDeck.

Three versions of the SMART Box are available, for term loans, lines of credit and merchant cash advances respectively. The SMART Box has two components. The first part sets forth basic terms (and any assumptions) of the funding option for comparison purposes, such as the loan amount, disbursement amount, repayment amount and loan term. The second part discloses common pricing metrics used across all three versions of the SMART Box, including the total cost of capital, the APR (calculated in accordance with Regulation Z), the average monthly payment or cost, the total interest paid per dollar of money borrowed and information regarding loan prepayment.

Sample SMART Box model disclosures can be viewed on ILPA's website. Small business funding providers may use the SMART Box through a license with ILPA. Funding providers must promise to adhere to certain principles and requirements when using the SMART Box.

ILPA developed the SMART Box to address criticism that small business funding options are not transparent regarding the cost of funding and that variations in pricing methodologies and repayment terms make it difficult to compare different products. ILPA members began incorporating the SMART Box into their funding agreements in November.

ILPA is one of several groups addressing criticisms of small business funding products and the SMART Box comes amid multiple proposals for small business funding regulation. See our ALERTS dated May 11, 2016, April 15, 2016 and November 17, 2015 for more information. □

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