



NEWS RELEASE

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SBA OPENS PUSH TO RECRUIT CREDIT UNIONS AS LENDERS WITH AGREEMENT IN DENVER

DENVER, CO - The U.S. Small Business Administration (SBA) announced an initiative today to recruit community development credit unions as participating lenders in the agency's small business guaranteed loan program.

The effort began here with the signing of a partnership agreement between the SBA and the National Federation of Community Development Credit Unions (NFCDCU). The agreement was signed at the organization's annual meeting by SBA Deputy Administrator Fred Hochberg and by NFCDCU Executive Director Clifford Rosenthal.

"This agreement commits us to working more effectively together to improve the odds for small businesses in New Markets communities," said Deputy Administrator Hochberg. "And we are committed to providing these new partners with the training, the consultation and the technical assistance they need to succeed as community lenders."

Mr. Hochberg said the SBA hopes to enlist at least 50 community development credit unions as SBA lenders to operate in economically distressed communities throughout the country.

The partnership between the SBA and the NFCDCU is particularly appropriate in that these credit unions generally make smaller loans and operate in communities where larger commercial lenders have not been as active. Bringing community development credit unions into the SBA program will increase access to credit for small businesses in these areas.

Currently, seven community development credit unions are approved to make SBA-backed loans under the 7(a) General Business Loan Guaranty program.

SBA has been successful in reaching minority borrowers over the last seven years. The agency has made nearly \$18 billion in loans to nearly 80,000 minority entrepreneurs since FY 1992, more than double that amount for the agency's entire history before that time. In FY 1999, 28 percent of SBA's loans went to minority entrepreneurs.

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At the same time, the agency - which guarantees loans made by conventional lenders - has made it a priority to make more loans to entrepreneurs in economically distressed rural and inner city areas.

“We want to see 50 community development credit unions making SBA-backed loans in New Markets communities to minority men and women for whom the lack of financing is the only barrier to their small business success,” Mr. Hochberg said.

“Community Development Credit Unions know how to make the kinds of loans that help small businesses in New Markets communities, they know how to work with borrowers to improve their chances of success, and they know the economic development needs of their communities,” he said. “All they need is access to the backing that comes from SBA loan guaranties.”

The SBA 7(a) General Business Loan Guaranty program is the flagship of SBA’s financial assistance program. Congress created the program with the explicit objective of providing access to credit for those borrowers who have good economic prospects, but are unable to access credit from commercial lenders.

Under the SBA’s 7(a) program, the agency guarantees up to 80 percent of the loan amount on loans made by participating commercial lenders to creditworthy small businesses. Over the past few years, more than 7,000 lenders have made SBA-backed loans. In FY 1999, the SBA backed more than \$10 billion in 7(a) loans.

For more information about all of SBA’s programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA’s extensive Web site at www.sba.gov.

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