Banking Latino Immigrants
A Lucrative New Market for Progressive Financial Institutions

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On a warm Friday in August, Stephen Galvan proudly stands outside his bank’s headquarters in a Latino neighborhood in Kansas City, Kan. The place is teeming with Argentine immigrants ready to deposit their paychecks. Industrial State Bank, the financial institution that hired Galvan 30 years ago, does a healthy business in this thriving Latino enclave. With four branches in inner city Kansas City, the bank is ideally located to serve Latino immigrants.

To open accounts for many immigrants who lack traditional documents such as a driver’s license and Social Security number, Galvan persuaded his bank to accept Individual Taxpayer Identification Numbers (ITINs) and matriculas consulares, official identification cards issued by the Mexican government.

“Latino immigrants are in tremendous need for financial services,” Galvan says. “They are the workers in America who take the jobs that other Americans refuse to take—the low wage, unskilled jobs,” Galvan says. “They pay taxes in America, and they should be given the opportunity to fulfill their basic banking and credit needs.”

The Sheer Numbers
Statistics regarding the Latino immigrant population show an emerging, untapped market nationwide. The 2000 census revealed that nearly 13 percent of the U.S. population (35.3 million people) is of Latino origin. This is a 58 percent increase over the 1990 census. About 39 percent (14.5 million) of those are immigrants from Latin America. The Latino immigrant population has jumped 73 percent since 1990. Of the 14.5 million, a little more than half were born in Mexico.

Latinos hold substantial buying clout. Last year, Hispanic purchasing power was $452 billion, up 118 percent over 1990, according to the National Council of La Raza.

Research corroborates the need for financial services: Latinos are more likely to be “unbanked,” or without a bank account, than any other ethnic group. A 2002 survey by El Centro, a Kansas City, Kan., nonprofit that provides a wide range of services to Latino immigrants, showed that only 30 percent of respondents held a checking or savings account, and more than 60 percent used check cashers for financial services. Only 17 percent had a credit card, and only 10 percent had applied for a loan.

And Latino households save. El Centro, which offers an avant-garde mortgage program for its undocumented clients, reports that many of its unbanked families have thousands of dollars saved in cash. In fact, the first four families that qualified for the program had stashed between $18,000 and $34,000 at home.

Immigrants not only save but they also send sizable sums continued on Page 2
of money to relatives in Latin America. According to the Inter-American Development Bank (IADB), immigrants send an average of $250 across borders on an almost monthly basis. The average cost for this size transfer is about $18. The cost does not include speculation on the exchange rate or the practice of charging the customer a less advantageous rate than the market's in order to yield an additional profit. IADB estimates that remittance transfer companies earn an extra $2.25 to $10.50 per $250 transaction.

With about $20 billion being wired to Latin America and the Caribbean annually, financial institutions nationwide are scrambling to design competing products. Bank of America offers Safe Send—a safe, convenient and inexpensive way to send money to Mexico. With this product, the bank sends an ATM card to the account holder's family member in Mexico, who can then withdraw money at any ATM. The charge for this service is $10 and up to $500 can be transferred daily.

The numbers point to opportunities for financial institutions. If banks are flexible, they can capture a profitable market. Flexibility means accepting alternate forms of identification to open bank accounts. Instead of requiring a driver's license and a Social Security number, many bankers catering to their burgeoning Latino clientele ask for an ITIN and a matricula consular. Forms of alternate identification also include foreign passports and voter registration cards, but ITINs and matriculas consulares are the most widely accepted forms. What are these?

**ITINs**

In 1996, the Internal Revenue Service (IRS) began issuing ITINs for taxpaying purposes. ITINs are tax processing numbers for individuals required to have a U.S. taxpayer identification number but who are ineligible to obtain a Social Security number. To obtain an ITIN, an individual must complete and mail in IRS Form W-7. Some banks include the form W-7 in account-opening packets for their immigrant customers.

**Matricula Consular**

The matricula consular is an identification card issued by the Mexican consulate to individuals of Mexican nationality. The matricula bears a picture of its owner; name, date, city and state of birth (in Mexico); current address; issue date; expiration date; and the location of the consulate that issued the card. This year, the Mexican consulate upgraded the matricula card to a high-tech, digital version. The new card incorporates seven security features, including holograms and other embedded designs.

Alice Perez, Hispanic market manager for U.S. Bank, one of the first financial institutions to begin accepting matriculas, says, “Our bank decided to accept the matricula when we realized that the procedure for obtaining it is similar to the bank’s ‘know your customer’ rules.”

Mexican consulates in the United States issued almost a half million matriculas in the first half of 2002 and expect to break a million before year-end.

To date at least 61 banks, 14 states and 800 police departments accept matriculas as official identification. John Byrne, senior counsel and compliance manager at the American Bankers Association, was quoted in the July 6 New York Times: “The consular ID card is a form of identification that the private sector finds acceptable. We feel fairly comfortable with the consular ID as a form of identification, and we’re becoming more comfortable the more we speak with the U.S. government.”

During the six months that have transpired since it began accepting matriculas, Wells Fargo Bank opened more than 30,000 bank accounts for Mexican immigrants. The bank also offers a money transfer service that charges a flat $10 fee for remittances to Mexico for transactions up to $1,000.

**Patriot Act Issues**

Some bankers initially feared that the U.S. Patriot Act would restrict a bank’s ability to accept alternate forms of identification. The Department of the Treasury, the Federal Reserve Board, the Federal Deposit Insurance Corp. (FDIC), the Office of the Comptroller of the Currency, the Office of Thrift Supervision and the National Credit Union Administration have jointly issued proposed regulations that will implement Section 326 of the Patriot Act. These rules specifically cite foreign forms of identification as acceptable documents for opening bank accounts. The regulations state in Section 103.121(b)(2)(I) Information Required that: “At a minimum, a bank must obtain from each customer the following information prior to opening an account: name; address; for individuals, date of birth; and an identification number.” An identification number is further described: “For non-U.S. persons, a bank must obtain one or more of the following: a taxpayer identification number; passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.”
Personnel
- Employ bilingual, Spanish-speaking staff. Start out with tellers and new account representatives because they are encountered first by customers upon entering the bank. Hire people from the branch’s immediate community. Immigrants will feel more at ease with people they know. Churches that offer bilingual services can help with recruiting, as can community groups.
- Provide sensitivity/diversity training for bank personnel. Instructing employees about the cultures of prospective customers will make the employees more comfortable working with Latinos.
- Pay your bilingual staff fairly. Speaking another language is a sought-after skill.

Community Involvement
- Become involved in community groups. Find out which group is the most effective at reaching out to the Latino community. Ask the group to refer its clients to you. William P. Selenke, vice president and Kansas City district manager for U.S. Bank, speaks from experience. “We go into the community as much as possible to find customers. We go to businesses to open accounts for employees and make presentations for community groups.” Ask community groups how you can work to overcome any perceived obstacles to doing business with your bank. Many Latino immigrants distrust banks because of bad experiences in their countries of origin.
- Offer financial education classes to community group clients. Many organizations offer English as a Second Language (ESL) classes. Offer low-cost accounts with bonuses, such as free checks for ESL students who attend a series of financial education sessions. The FDIC offers Money Smart, a comprehensive financial education curriculum in Spanish. It encompasses 10 modules that cover everything from opening a bank account to understanding credit reports to obtaining a home loan. Money Smart offers a scripted course that has proved easy to teach. Order it free at FDIC’s web site at www.fdic.gov/consumers/consumer/moneysmart/index.html.
- Talk to your regulator’s community affairs office for help with reaching Latino communities. Chances are that the office has already started an initiative that you can latch on to. Ask about linking some efforts with CRA credit.
- Do not limit yourself to helping with the local Cinco de Mayo celebration. Sponsor booths at ethnic, cultural and religious festivals. Attend community and neighborhood association meetings. It’s a good way to find out about your new market and its needs. You will build a network and meet the community movers and shakers.
- Partner with a faith-based organization. Offer to give a presentation to its members on budgeting or another financial education topic. Advertise in its bulletin. A church in the Back of the Yards neighborhood, a historic Latino neighborhood in Chicago, partnered with banks to provide free tax preparation to the community.
- Embark on a school partnership. Sponsor a school event. Arrange a field trip for children to visit the bank and open accounts for them. The children will bring their parents to the bank and will remain loyal customers to you when they grow up.

Branch Design and Services
- Design your branch in a friendly and appealing manner. Marble floors and Greek columns will not make your new clients feel welcome. A Georgia bank that wanted to serve Latino workers at a chicken processing plant designed one of its branches with an open plan, Mexican tile floors, colored neon signs over every department, a play area for children and free coffee.
- Some banks establish branches inside shopping malls frequented by Latinos or businesses that hire significant numbers of Latinos. A rural Kansas bank set up a branch and an ATM inside a meat packing plant that employs 600 Latino workers. Other banks send personnel to employers. If you bank the employer, you have a conduit to its employees. Offer to cash employees’ paychecks. Your staff can then market accounts to them.
- Cater to merchants in Latino business enclaves. They may become an excellent source for business and other loans.
- Offer convenient hours. Find out what hours people work at major employers and tailor your hours of operation to employees’ free time.
- Be careful about translating documents. Make sure the translator is aware of the particular dialects of your Latino group. Have people from churches, community groups and your own staff who are representative of the nationalities you wish to serve review for clarity and for any offensive language.
- Make your electronic services bilingual. Offer Spanish language options for your telephone banking, ATM screens and web site. “Pushing for our voice response to be in Spanish was a positive move for Industrial State Bank,” Stephen Galvan, senior vice president, says. “It gave us the ability to communicate in Spanish 24 hours a day.”

Products
- Design products that your customers want. Don’t rely on traditional products to persuade new clients. Survey community groups that work with Latinos and ask them what’s needed. Invite several local Latino residents and businessmen to an evening chat with refreshments at the local church or group headquarters. You will
get valuable information and, most likely, several new customers.

- Latinos tend to be loyal to businesses that treat them well. Because many have been tricked into bad deals, especially when they first arrived in this country, they may be reluctant at first. However, if you are perceived as trustworthy and willing to offer them good products, they will be loyal customers. Latinos tend to be conservative with their money and avoid risk. Recognize that there are different groups within your Latino clientele: more-established immigrants, new immigrants, second generation Latino youth. They all need different products.

- Offer package deals and services. Many immigrants send money to relatives in foreign countries. Low-cost wire transfers and free calling cards can be offered along with new accounts tailored to their needs. Offer products such as Individual Retirement Account certificates of deposit (CD) for those customers who have substantial amounts to deposit. Be innovative—a Connecticut credit union baby-sits children while clients are closing on mortgages.

- Consider using alternative underwriting guidelines for your products. Many clients may not have a credit history established. Use rent and utility payments in lieu of debt payments. A Missouri bank offers a CD secured loan. The client deposits a CD with the bank, the bank extends a loan for the amount, the client pays it off in a year or two, and then gets to keep the interest. This product helps customers create a favorable credit history and a savings pool.

- Start wary clients, those uncomfortable or unfamiliar with the workings of a checking account, with a savings account. Offer free or reduced money orders with it so that they can pay bills. This will ease the transition from a check-cashing outlet, reduce the risk for your bank and earn you a satisfied customer.

**Toward the Future**

“The Latino community needs increased access to mainstream financial services, and financial institutions clearly face an opportunity to increase their customer base by marketing their products and services to this growing segment of the population,” says Glenda Wilson, Community Affairs Officer for the Federal Reserve Bank of St. Louis. “Banks may overcome cultural barriers that can discourage Latinos from establishing a banking relationship by becoming engaged in their communities.”

The Latino immigrant population holds promise for financial institutions wishing to take the quantum leap into this growing new market.

¡Mucha suerte!

A “Lending Avenues for Latino Immigrants” workshop is scheduled Dec. 5 in Kansas City. The workshop is cosponsored by the FDIC, the Office of the Comptroller of the Currency and the Small Business Administration. For information, call (816) 234-8158.

**Electronic Transfer Accounts Bring Banking to the “Unbanked”**

Electronic transfer accounts (ETAs) are growing in popularity among “unbanked” consumers who receive federal benefits checks, according to the U.S. Treasury. More than 30,000 people have opened ETAs since the program started a few years ago.

Six of the nation’s largest banks have joined the list of financial institutions participating in the Treasury’s ETA program: Bank One, Bank of America, FleetBoston, J.P. Morgan Chase, U.S. Bank and Wells Fargo.

**Benefits to Consumers**

ETAs provide an inexpensive way for federal benefit, wage, salary or retirement recipients who do not have a bank account to open an account and receive their money electronically rather than by check. ETAs require no minimum balance (unless required by law), allow for cash withdrawals and point-of-sale access (if available) and provide account holders with monthly statements. Additionally, consumers can be charged no more than $3 a month for the ETA service.

Federal benefit recipients interested in ETAs can call 1-888-382-3311 to obtain the names and addresses of ETA provider locations in their ZIP code area or visit www.eta-find.gov on the Internet.

**Benefits to Financial Institutions**

To help defray the cost of setting up ETAs, the Treasury Department pays financial institutions a one-time fee of $12.60 for each new ETA opened. The institutions also may receive Community Reinvestment Act credit under the service test for participating.

Additionally, financial institutions may tailor ETAs to their community’s unique needs as long as the basic attributes remain. For example, a financial institution can decide whether to limit deposits to electronic federal payments or to allow additional types of nonfederal paper or electronic deposits.

**Where to Get Information**

A brochure explaining electronic transfer accounts to consumers in easy-to-understand language is available from the Federal Reserve Bank of Dallas. Community-based organizations can order the brochure, published in English and Spanish, for distribution to residents who do not have bank accounts and who receive government benefits checks. To order, contact Betsy Heilman at betsy.heilman@dal.frb.org.

The Treasury also provides free in-bank promotional materials for consumers and is conducting a Nationwide advertising campaign about the ETAs benefits. Financial institutions can call 1-888-382-3725 for information on the program or to request an ETA enrollment kit.
New Tech Investment Fund Targets Research in Arkansas

An investment fund designed to finance new technology companies has been launched by a group of private investors in Arkansas. The Alpha Fund provides working capital for the commercialization of promising new technologies developed at research universities and federal laboratories. The fund will target, but will not be restricted to, universities and laboratories in Arkansas.

Financing is targeted for the embryonic, research and development, and start-up phases of companies. Fund administrators anticipate investing between $50,000 and $500,000 per project.

For information, contact David Lewis or John Nock at (479) 444-9700.

Indiana Partnership Explores Alternatives to Tobacco

Tobacco farmers in southern Indiana can find industry news and resources on a new web site created by the Indiana Tobacco Community Partnership. It is www.intoag.org.

The web site features the most recent tobacco and agriculture news, reports on value-added and community supported agriculture, and a list of educational resources.

The partnership’s goal is to encourage interaction between tobacco stakeholders and community leaders and to help them explore alternative economic development. In addition, the partnership will develop pilot projects to help replace the loss of tobacco revenue in southern Indiana.

For information on the partnership, contact the Southern Indiana Rural Development Project at 1-800-816-0019 or info@intoag.org.

Arkansas Group to Operate VITA Sites

South Arkansas Community Development, a subsidiary of Summit Bancorp, is teaming up with the Internal Revenue Service to help low-income residents of Clark County electronically file their tax returns for free.

The development group and the IRS will operate two new Volunteer Income Tax Assistance (VITA) sites during the 2003 filing season. One will be at their office, 406 Clay St. in Arkadelphia, and will be staffed by the group and by Summit Bank employees. The location of the second site has yet to be determined but will be at a church with a predominantly Hispanic congregation.

A Spanish-speaking member of the development group’s staff will assist clients with their tax returns and inform them about other services, such as how to establish an individual tax identification number or secure a Social Security number.

Volunteers at both sites will assist taxpayers with filing for the Earned Income Tax Credit.

Participants will also be able to pick up information on financial literacy, homebuyer education programs and home ownership programs offered by the development group.

Micro Loans Are Available in St. Louis Metropolitan Area

Justine Petersen Housing & Reinvestment Corp., located in St. Louis and East St. Louis, Ill., last year became a Small Business Administration intermediary micro-loan lender. To date, the nonprofit corporation has originated $380,000 in loans to 53 borrowers. Loans range in size from $500 to $35,000, with an average loan of $7,000. New and existing for-profit corporations, partnerships and sole proprietors with sales of less than $500,000 may apply. The service area includes the city of St. Louis and the counties of Clinton, Jersey, Madison and St. Clair in Illinois.

Call (314) 664-5051, ext. 0, for information.

Home Repair Program Targets Memphis Area

A new home-improvement program in Memphis will make loans at below-market interest rates available to low- and moderate-income residents.

Homeowners who live in Shelby County may be eligible to borrow up to $5,000 for home repairs. United Housing Inc., a nonprofit affordable-housing agency, will help homeowners find a reputable contractor and will keep tabs on work performance.

United Housing and National Bank of Commerce are teaming up to offer the Small Home Improvement Program. The Federal Home Loan Bank of Cincinnati made $100,000 available for the loans.

To qualify, borrowers’ annual income cannot exceed $45,850 unless they live in low-income census tracts.

For information, call United Housing at (901) 272-1122, ext. 104, 109 or 115.
Andrea Breckenridge shares the dream of many Americans—to one day own a home. Breckenridge has a high school diploma, works 30 hours a week and earned $16,000 last year. She lives in a government housing community in the urban core of Louisville, Ky.

Is home ownership out of her reach? The hard-working single mother of three doesn’t think so. She is moving toward her goal by taking advantage of tax credits and a matched savings account.

This past spring, Breckenridge had her taxes prepared at a new Volunteer Income Tax Assistance (VITA) site established by the Louisville Asset Building Coalition. Breckenridge heard about the VITA initiative through The Center for Women and Families. In previous tax seasons, she often paid more than $200 to have her taxes prepared and to get a refund anticipation loan.

“I could not believe it when they said I could actually get all this done for free,” Breckenridge said. “I even tried to get my friends to go, but they went and paid $200 to have theirs prepared. Two weeks later I had my tax refund, and they were still waiting on theirs.”

Breckenridge received a refund of $4,200, of which $3,200 was her Earned Income Tax Credit (EITC). She immediately paid off five credit cards with debt totaling $2,200 and put $1,000 into a new savings account as an emergency reserve. This was on top of making her regular $50-a-month deposit into an individual development account (IDA).

She completed her 12-month IDA financial literacy course on time, attended a six-hour home-ownership course and is continuing to save and to repair past credit issues. Her goal is to purchase a new home under the Housing Authority of Jefferson County Section 8 Home Ownership Program. Breckenridge has already put $550 into her IDA and will receive a 2-for-1 match of up to $1,500 upon withdrawing the money for her home. She has been able to accomplish all of this in only one year.

Andrea Breckenridge’s story is one that the Louisville Asset Building Coalition would like to see replicated throughout the Louisville area. The coalition, a group of more than 30 organizations, is dedicated to promoting financial stability for individuals and families. One of the coalition’s goals is to provide free income-tax preparation, make taxpayers aware of the EITC and help them realize there are ways to use their refunds to build wealth.

The coalition created eight neighborhood-based VITA sites during the 2002 tax-filing season. In its initial year, the effort resulted in 635 returns prepared, $798,767 in refunds ($410,326 of which came from the EITC), an estimated $158,750 in tax preparation fee savings and 25 new checking accounts—far exceeding the group’s expectations.

“By helping individuals obtain tax credits and connecting them to financial literacy training, financial services and asset development such as IDAs, individuals can begin to realize and plan for a brighter financial future,” said John Nevitt of Metro United Way, a coalition member.

The success of the EITC/VITA initiative is even more impressive considering that the coalition did not exist before last November.

Last year, Louisville was one of 22 cities selected by the Annie E. Casey Foundation to improve the lives of children by helping to lift their families out of poverty. In early October 2001, a team from various Louisville organizations attended a conference in Tulsa, Okla. The conference was sponsored by the Casey Foundation, the Community Action Project of Tulsa County, Shorebank and the Center for Law & Human Services, organizations with a successful track record of building the financial strength of families and communities in Tulsa and Chicago. When the team returned to Louisville, motivated by what they had heard in Tulsa, they thought a realistic goal was to create five VITA sites with a goal of 50 returns prepared at each site.

With the help of the Casey Foundation and Metro United Way, a briefing was convened in November. Civic leaders discussed how the community could work together to increase some Louisville families’ economic security. The meeting focused on the EITC, financial literacy training, financial services and asset development (such as IDAs and home ownership programs) in Louisville. At that first meeting, 65 organizations were represented, including banks, neighborhood associations, a large group from the IRS and city agencies.

The sponsorship by Metro United Way and the Annie E. Casey Foundation gave the initiative instant credibility. The potential
economic impact of the EITC on Louisville was also a powerful tool in gaining support from the community. As a result of this initial meeting, participants committed themselves to developing strategies that could vastly improve the lives of low-income families.

The EITC is a refundable federal tax credit of up to $4,008 for taxpayers with an income of less than $28,281 and one qualifying child or an income of less than $32,121 and more than one qualifying child. Individuals with no children and an income below $10,710 also qualify. It is a tax benefit to help low-income workers increase their financial stability. The EITC is intended to reduce taxes for workers, supplement wages and make work more attractive than welfare. The General Accounting Office estimates 25 percent of EITC dollars owed to working families go unclaimed every year. For Louisville, this means a lost opportunity to pump millions of dollars into the local economy.

VITA sites assist low-income workers with free filing of their tax returns to ensure they receive the EITC and other federal and state tax credits for which they qualify. VITA can be used to connect low-income families to asset-building opportunities and to help them avoid predatory lenders.

The biggest challenge of opening the VITA sites was the short time the coalition had to organize the effort. Six or seven organizations from the initial meeting expressed interest in hosting a site. Eventually, eight VITA sites opened during the 2002 tax season. They were at Wesley House Community Services, Presbyterian Community Center, Louisville Central Community Center (two locations), Clarksville Housing Project, Portland United Methodist Center, Newburg Cop Shop and Americana Community Center.

Leigh Ray of Wesley House Community Services volunteered to coordinate the sites. Working with the IRS, she arranged training for site coordinators and volunteers. Normally, the IRS requires three to five full days of training, which would have drastically reduced the pool of volunteers. Fortunately, the Atlanta IRS office was testing a condensed version of training that only required six hours for those who had previous tax preparation experience and who were computer literate. Within a few weeks, 80 volunteers were trained. All of the sites offered electronic filing, a step they had not hoped for originally.

While Ray assumed responsibility for overseeing the VITA sites and volunteers, Michael Davis and the Center for Women and Families took the lead in coordinating the EITC effort. The center created a hot line to answer questions about the EITC. The advertising agency used by the center produced a brochure to promote the EITC. In all, 50,000 brochures, including 2,000 in Spanish, were distributed to the housing authorities of Jefferson County and Louisville, to nonprofit agencies and to VITA sites. The Louisville Housing Authority sent 8,000 fliers to Section 8 families. Each VITA site received a building banner advertising the free tax services. The Transit Authority of River City placed brochures in 300 buses and advertisements in bus shelters. Billboards in five targeted neighborhoods displayed an ad for the EITC. Five hundred posters were distributed to social service agencies, businesses and government organizations. A KFC restaurant located in a targeted neighborhood inserted fliers in boxes of chicken.

Beyond the tax credit promotions, the coalition assembled seven financial services providers that offer services ranging from basic banking to lessons on how to become a homeowner. National City Bank provided on-site bankers to open checking and savings accounts, increase financial literacy and answer basic banking questions. Edward Jones and Scott Financial Services presented financial literacy sessions at VITA sites, and Jewish Family Vocational Services offered multilingual financial literacy classes at one site. Home Ownership Partners and Kentucky Housing Corp. provided home buying seminars and materials. The Center for Women and Families set aside $200,000 in matching funds for 60 EITC recipients to enroll in an IDA program and sent a staff member to a different VITA site every week to promote financial literacy programs and recruit for the IDA program.

Next year, the coalition plans to link unbanked clients to institutions that can provide basic banking products, credit repair, debt reduction, budgeting, money management and homeownership counseling. Other goals include expanding to 10 VITA locations, retaining all 200 trained volunteers, preparing 150 returns per site, achieving $2 million in refunds ($1 million in EITC) and $375,000 in tax preparation savings, and helping 500 clients to save their money through asset building connections. Also, a certified public accountant will join volunteers at each VITA location to answer questions that are more complex.

Members of the core group that traveled to Tulsa agree that the diversity of the organizations willing to join the coalition contributed to the success of the first-year effort. Glenna Deekle of the Annie E. Casey Foundation said that the interest and commitment demonstrated by the local community far exceeded levels she had seen in other first-year cities.

“United Way, The Center for Women and Families, the IRS and Wesley House—that was really the core working group that got this off the ground,” she said. “Without players from organizations such as these in other cities, I’m not sure you would be able to pull it off. Those are the pieces you need.”
SBA Expands Program for Lenders

Small businesses are expected to benefit from recent changes to a pilot loan program administered by the U.S. Small Business Administration (SBA).

Revisions to SBAExpress will significantly increase the number of lenders participating in the program and will increase small businesses’ access to capital, according to the SBA.

The changes allow an estimated 2,400 lenders already delivering SBA loan products to participate in the SBAExpress program. Many of these lenders serve small businesses in remote or rural areas. In addition, the SBA will open the program to lenders who are experienced in small-business lending but who have not participated with the SBA.

The program’s loan limit will be raised to $250,000 from $150,000 and incentives will be offered to lenders to increase the availability of smaller loans, especially those of $50,000 or less.

To simplify access to loan products, the SBAExpress program allows lenders to use their own forms and processes to approve SBA-guaranteed loans. In addition, the agency generally provides an immediate response to SBAExpress applications.

For information, call the SBA Answer Desk at 1-800-827-5722 or visit its web site at www.sba.gov.