SMALL BUSINESS

Loans available if you know where to look

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Santa Cruz Community Credit Union, Cal Coastal, Opportunity Fund eager

By Jondi Gumz
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SANTA CRUZ » Loans for small businesses are available but since big banks often say no, the trick is knowing which lender is the best bet.

Last year, the Central Coast Small Business Development Center at Cabrillo College helped 350 businesses get $5 million in loans.

Danny Braga, a retired lender at Comerica now an SBDC adviser, “helped many of our clients,” according to SBDC chief Teresa Thomae, who hosted a “Brown Bag” panel at the Santa Cruz library Wednesday with Braga and loan officers from three lenders offering alternatives to big banks.

Santa Cruz Community Credit Union is in the top five in the nation for member business loans, loan officer Deborah McCarroll said.

The credit union is a preferred lender for the U.S. Small Business Administration, so loan decisions are made locally. SBA loans require 10 percent down payment instead of 25 percent, and terms can be longer than for a conventional loan, making payments more manageable.

Applicants must have a business plan, which the Small Business Development Center can help with.

The federal government guarantees SBA loans reducing the lender’s risk to 10 to 15 percent.

Griselda Gil-Solis is Opportunity Fund’s loan consultant in Santa Cruz County, thanks to support from investor Bud Coligan.

Loans

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The fund provides working capital for businesses such as landscapers or restaurateurs who need equipment or a commercial vehicle to expand. Terms are 18 to 60 months.

Turnaround on a loan request is a week. Loans range from $5,000 to $100,000 but interest rates at 8.5 to 15 percent are higher than at a bank.

“We only do startups in the food industry,” Gil-Solis said, noting food trucks qualify. “We kind of act as a team to get you capitalized,” said Wendy Francioni of Cal Coastal, who has 35 years’ lending experience. “We’re not in competition. If I had a startup restaurant, I’d be on the phone to Griselda.”

Among Cal Coastal’s programs are SBA microloans of up to $50,000 and a loan guarantee program for up to 80 percent of the loan, ranging from $10,000 to $2.5 million, for up to seven years.

“If you have credit issues, debts, tax liens, be upfront with the lender,” Francioni. “I can’t deal with it unless I know what it is.”

Both Opportunity Fund and Cal Coastal use a holistic review process unlike banks that require a certain credit score and use a software program to make a decision.

“We are lucky we have lending partners willing to take a little bit of risk beyond what’s conventional,” said Thomae, who is on the Cal Coastal loan committee, recalling her visit to a borrower, a strawberry grower who she said “has built a beautiful business.”

Braga said business owners must do their homework on revenue assumptions and find out which lender is a match.

Some don’t like to lend on gas stations and others don’t like to lend on restaurants, he pointed out.

“They’re looking for, they explained that beautifully,” said Jeanne Deutsch, a retired teacher putting together a plan for an organic farm with artists in residence.

ALTERNATIVE LENDERS

Santa Cruz Community Credit Union
www.scccu.org
831-460-2307

Cal Coastal
831-424-1099
www.calcoastal.org

Opportunity Fund
831-234-6953
www.opportunityfund.org/

loans

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