



Friends of the SBA
MICROLOAN PROGRAM

REPORT ON THE SBA MICROLOAN PROGRAM

MAY 22, 2018

Rapoza Associates



Friends of the SBA Microloan Program

1331 G Street, NW 10th Floor · Washington, DC 20005

(202) 393-5225 · (202) 393-3034 fax

This report was prepared by Rapoza Associates on behalf of its SBA Microloan Program clients.

The Friends of the SBA Microloan Program is an informal working group of nonprofit SBA Microloan Intermediaries, represented by Rapoza Associates, a public interest lobbying and government relations firm located in Washington, D.C. The Friends Network supports economic opportunity for underserved entrepreneurs in rural, suburban, and urban communities across the nation by increasing access to the resources and services necessary to create wealth and build assets through business ownership.

For more information on the survey or the organizations, please contact Ayrienne Parks, the principal author of this report, at ayrienne@rapoza.org.

Report on 2018 SBA Microloan Intermediary Survey

Introduction

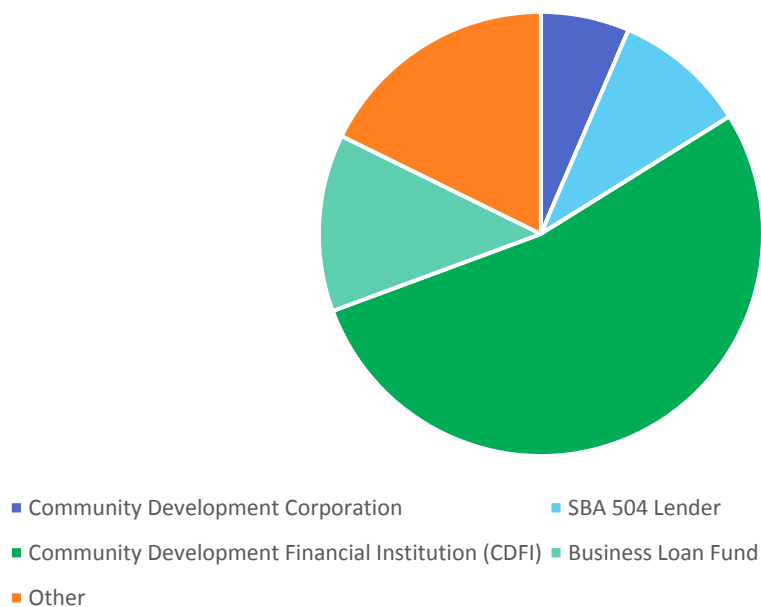
Rapoza Associates represents the Friends of the SBA Microloan Program, a working group of leading nonprofit Small Business Administration (SBA) Microloan Program intermediaries. Every two years, the firm conducts an industry survey of microloan intermediaries in order to analyze and document the effectiveness of the SBA Microloan Program in supporting small businesses and entrepreneurs.

Intermediary microlenders were widely solicited and asked to participate in the 2018 survey. Rapoza Associates received responses from 53 SBA microlenders. Their responses reported the status of their SBA portfolio as of March 31, 2018, and revealed how efficiently SBA lending capital and technical assistance (TA) funds are being used to grow and support small businesses and entrepreneurs across the country.

Survey Participants

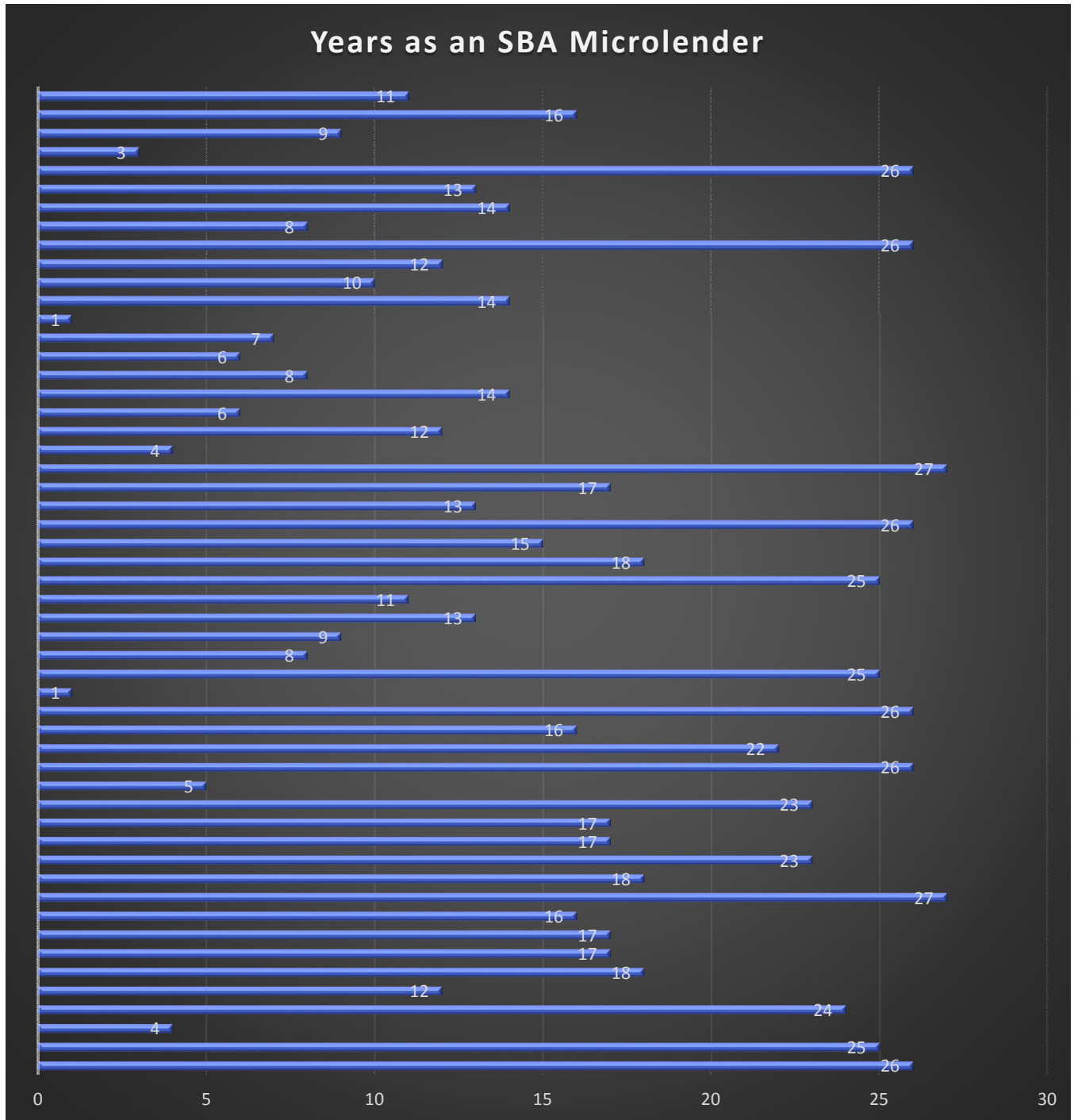
The survey participants represent a cross section of the microlenders participating nationwide, with 48 of the 53 indicating that their organization offers small business loan products in addition to SBA Microloans. Respondents identified their organizations as Community Development Corporations, SBA 504 Lenders, Community Development Financial Institutions (CDFIs), and Business loan Funds. [See chart below: “Type of Organizations Responding to the Survey”].

Type of Organizations Responding to the Survey



The survey included organizations that have been engaged in the SBA Microloan Program for a varying amount of time, ranging from one to 27 years. This means that the data includes the

perspectives of those organizations that are relatively new to the SBA Microloan Program, as well as those who have been a part of the program since its inception. The average intermediary respondent has served in this capacity for about 15 years. [See chart below: “Years as an SBA Microlender”].



The survey also reflects a broad demographic of microlenders providing services in areas all around the country. The microlenders’ service areas included very rural counties in Nebraska and Texas, northern Michigan, Maine, Oklahoma, western Pennsylvania, Georgia and southeastern Kentucky to

metropolitan areas, such as Baltimore, Chicago, New York City, Queens, Staten Island and Los Angeles County.

History and Overview of the SBA Microloan Program

Small businesses are the engine for job growth in America. The Small Business Administration (SBA) defines a “small business” as one with less than 500 employees, however, at least 80 percent of all businesses nationwide employ 10 or less employees. These businesses are a significant source of employment and new jobs, representing 99.9 percent or 29.6 million of U.S. employer firms, creating 1.4 million net jobs in 2014¹. The Microloan Program is a tested financing tool for entrepreneurs or small businesses with a good idea, but limited access to capital.

The SBA Microloan Program is one of the most effective tools for helping small businesses access the financing and technical assistance needed to grow and create jobs. Authorized in 1991 (PL 102-140) as a pilot program and then made permanent in 1997 (P.L. 105-135), the SBA Microloan Program provides direct loans to qualified nonprofit intermediary lenders that then make small-dollar loans and provide technical assistance to women, low-income, veteran, and minority entrepreneurs who cannot secure credit from conventional lenders or other SBA guaranteed loans.

The intermediary organizations combine SBA Microloan resources to make loans of up to \$50,000 to small businesses and entrepreneurs, with an average loan size of less than \$14,000 in Fiscal Year (FY) 2017. Despite providing financing to individuals and businesses with limited credit, the default rate on microloans is only about 2 percent. The low rate is a testimony to the hands-on technical assistance that the intermediaries provide.

Intermediary lenders participating in the SBA Microloan Program receive two streams of funding from the SBA: a direct SBA loan to the intermediary lender to capitalize a revolving business loan fund, and grant funds to help support costs associated with providing technical assistance to business borrowers. Direct SBA loans to the intermediary lender carry a 10-year term with a fixed interest rate based on the 5-year Treasury note and the lender must contribute a non-federal match equal to 15 percent of the SBA dollars borrowed in addition to maintaining a loan loss reserve equal to 15 percent of the lenders outstanding small business loans. Intermediary lenders are eligible to receive SBA technical assistance (TA) grants on an annual basis and the amount of the TA grant is based on the number of loans made in the previous year, the lender’s outstanding debt to SBA and the availability of appropriated funds. To receive a TA grant a lender must also contribute a match of non-federal funds equal to 25 percent of the TA grant.

¹ Small Business Profile, 2017, US Small Business Administration’s Office of Advocacy: https://www.sba.gov/sites/default/files/advocacy/All_States_0.pdf

Current State of the SBA Microloan Program

In recent years, the SBA has continued to strengthen and increase its support for the Microloan Program—a key piece of its strategy to create jobs and encourage entrepreneurship. This support has included strong funding requests, requests to streamline the program by modifying rules, such as the 25/75 rule and the 1/55th rule, both of which are left over from the pilot program.

The 25/75 rule limited intermediaries to using 25 percent of technical assistance for marketing and underwriting prospective microloan borrowers. This constricts the potential of entrepreneurs who have good business ideas, but need more technical assistance such as creating business plans, understanding HR and industry trends, marketing and other information to get their plans market-ready.

The 1/55th rule restricts the agency from providing more than 1/55th of the available microloan funding into any state in the first 6 months the fiscal year. The SBA notes that this prohibition restricts availability of capital for small businesses regardless of the size of the state or the needs of the small business community. This issue is especially cumbersome when there are delays in the congressional appropriations process.

Two bills were introduced in the 115th Congress to make improvements to the SBA Microloan Program. The Microloan Modernization Act (S. 526) was introduced in the Senate by Sen. Deb Fischer (R-NE) and its companion bill, H.R. 2056 was introduced by Rep. Stephanie Murphy (D-FL) in the House. The bills sought to eliminate the 25/75 rule as it pertained to pre-loan technical assistance and the use of third party contractors, as well as increase the cap on microloans to intermediaries from \$5 to \$6 million. It also includes the SBA study of microenterprise participation and a GAO study on SBA oversight of intermediaries.

The House bill was marked up and passed by the House in July 2017 with amended the bill language on the 25/75 rule, changing the limit to 50 percent for both pre-loan technical assistance and third-party contractors. The Senate Small Business Committee also took up and passed S. 526 in March 2018, with amendments mirroring the language from H.R. 2056.

In the FY 2018 Consolidated Appropriations Act (PL 115-141), Congress included language amending the 25/75 rule, which prohibited Microloan intermediaries from using more than 25 percent of their TA grant on pre-loan technical assistance or more than 25 percent on third-party contractors. The law now allows intermediaries to use up to 50 percent of their grant for these purposes, the same as was included in the current S. 526 and H.R. 2056 bill language. The provision that increased the cap on microloans to intermediaries in the Microloan Modernization Act was not included in the FY 2018 Appropriations law. [See Technical Assistance section on page 6 for more information on the services provided].

Since the program’s inception in 1992, SBA Microloan Intermediaries have made more than \$875 million in loans to small businesses that created or retained some 254,450 jobs. In FY 2017, Intermediaries made 4,986 loans—totaling more than \$69 million—to small businesses supporting nearly 18,700 jobs.²

In its FY 2019 Congressional Budget Justification, SBA requested a \$4 million loan subsidy to support a Microloan Program level of \$42 million and \$25 million in grants to support technical assistance. In the request, SBA also asked for authority to eliminate the 1/55th rule, which, as noted previously, restricts the agency from providing more than 1/55th of the available microloan funding into any state in the first 6 months the fiscal year. The SBA stated that this prohibition restricts availability of capital for small businesses regardless of the size of the state or the needs of the small business community.

Technical Assistance Services

Intermediary Lenders provide a host of technical assistance (TA) services to borrowers, both pre-loan and post-loan. They rely on the SBA TA grants to fund the ongoing technical assistance and support their business borrowers need to succeed. Microlenders must also provide matching funds for 25 percent of the Federal Grant award amount. “The cash contribution for the Grant match must be non-borrowed, non-Federal funds allocated specifically to the operation of the technical assistance project.”³

Assistance includes both pre-loan services to ensure the borrower is prepared for a loan as well as post-loan to ensure the business’ success after the loan closing.

In the survey, intermediary lenders were asked a series of questions, regarding the annual TA grant funding they received through the SBA. The survey respondents indicated their average TA grant for 2015 was \$154,127; \$165,213 for 2016; and \$180,160 for 2017.

During FY 2017, 49 of the microlenders reported that their organization made 1,759 new loans totaling \$26,618,462, for an average of \$15,132 per loan. Further, the respondents noted that as of March 31, 2018, they had 4,071 loans, totaling \$49,963,752.55, under management in their portfolio.

² SBA, “Fiscal Year 2019 Congressional Budget Justification and FY2017 Annual Performance Report,” p. 37, at https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508Final5_1.pdf

³ SBA, “Microloan Program, SOP 52 00 A,” p. 11 <https://www.sba.gov/sites/default/files/sops/SOP-52-00-A-Microloan.pdf>

With these funds microlenders provide a range of services, with many of the services specifically tailored to each entrepreneur. If the intermediary does not specifically offer a training or service that would be beneficial to the borrower, they may identify a third party to provide the necessary training.

Pre-Loan Technical Assistance:

Prior to receiving a loan, borrowers receive counseling, including evaluating or creating a business plan and understanding financial and operational constraints. Borrowers also receive assistance with research on the industry in which they plan to operate, business structure, and budget and revenue projections. The SBA microlenders noted that they provide information on tax services and accounting and human resources management as well. These services are provided through one-on-one consultations, connecting the borrower with a mentor in the same industry, and group training and classes, depending on the needs of the borrower.

Post-Loan Technical Assistance:

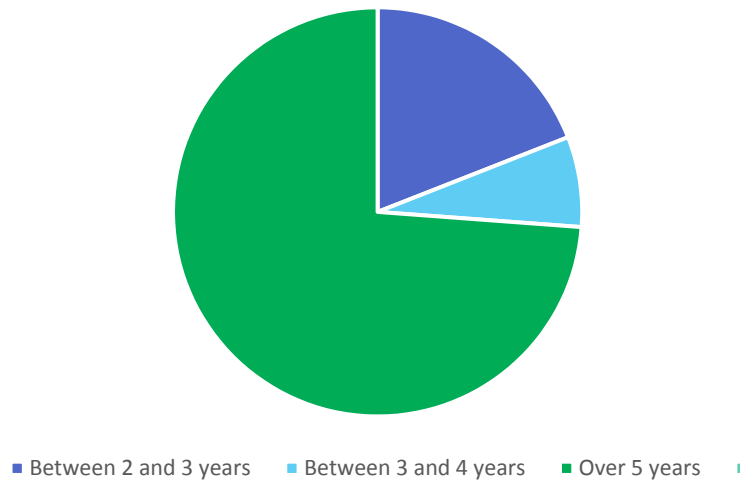
Post-loan TA is essential to both the success of the business, as well as servicing the loan. Microlenders focus on providing educational resources and training that will help the business thrive, with the ultimate goal of making clients bankable in the future. These services include advanced training on accounting systems and management, long-term planning, and one-on-one marketing support, financial reviews, and advice on business expansion. Additionally, a survey participant noted that if there is a borrower having financial and/or repayment difficulty, they work with the borrower to develop a payment plan and discuss ways to help the business regain financial sustainability. Many SBA microlenders also noted that they provide web and graphic design help, and social media training to help the borrower better market their business.

Life of the Business and Microloan Loss Rate

Only some two-thirds of small businesses survive two years in business, and half of all businesses do not survive five years, according to the Bureau of Labor Statistics, Business Employment Dynamics⁴. Small businesses financed through the SBA Microloan Program have significantly higher rates of success according to respondents. Intermediaries responding to the survey question on the average life of businesses that they financed indicated that 75 percent survived more than 5 years, well above national averages, despite serving entrepreneurs with increased barriers to traditional financing. [See chart on page 8 for the average life of a Microloan business].

⁴ United States Department of Labor, Bureau of Labor Statistics, Business Employment Dynamics
<https://www.bls.gov/bdm/entrepreneurship/entrepreneurship.htm>

Average life of a business financed through the Microloan Program



In large part, the sustainability of these businesses is a result of the pre-loan and post-loan technical assistance provided by Microloan intermediaries. [See previous section on Technical Assistance for examples of services provided to Microloan borrowers].

All intermediaries are required to have a loan match of at least a 15 percent in nonfederal resources. They also must maintain a Microloan Revolving Fund (MRF), which is comprised of payments and incomes from the microloans, as well as the 15 percent match to secure repayment to SBA. The Loan Loss Reserve Fund (LLRF) adds yet another level of insurance for microlenders' repayment to the SBA. The LLRF is "a deposit account established at an Insured Depository Institution used to pay any shortage in the MRF caused by delinquencies or losses on Microloans, which an Intermediary must maintain at a required level until it has repaid its loan to SBA."⁵ This account is must equal at least 15 percent of the balance that borrowers owe the microlender.

Because of the LLRF, the SBA reports that the cumulative loss rate for all intermediaries to the agency is less than 2 percent historically.⁶

When respondents were asked to report on the status of the loss rate, 85 percent indicated that it has either remained steady (45 percent) or decreased (40 percent) over the past two years. Microlenders attribute the decreased loss rate to improvements in their credit standards and

⁵ SBA, "Microloan Program, SOP 52 00 A," <https://www.sba.gov/sites/default/files/sops/SOP-52-00-A-Microloan.pdf>

⁶ SBA Assoc. Administrator's House Small Business Committee testimony on 10/12/17).

underwriting practices. Additionally, they reported that as they become more familiar with marketplace trends, they are able to decrease their loss rate and improve their loan portfolio.

Approximately 15 percent of responders reported that the SBA Microloan portfolio loss rate has increased over the past two years, though there are a variety of factors, including increased lending activity and some intermediaries who have focused a higher proportion of their lending to start-up ventures. One of the responders who reported a slight increase in their loss rate noticed that clients with merchant cash advances have greater difficulties with repayment. To address this issue, the lender proactively works with its clients by offering refinancing and restructuring for debt reconciliation.

Job Creation

Though the SBA does not require intermediary microlenders to record the number of jobs created or maintained, many still track the impact of their lending, especially as it relates to employment retained or created as a result of their services. Of the survey respondents, 18 indicated that they track this data and had created nearly 35,000 jobs since becoming a Microloan intermediary. In the last calendar year, FY 2017, those organizations reported the creation or retention of over 3,400 jobs.

Nationwide, the SBA reported that 18,673 jobs were supported by Microloan borrowers, at an average cost to the government of just \$1,660.

Meeting Demand for Microloans and Tracking Outcomes

As of March 2018, 86 percent of the 51 survey participants said they are unable to meet the current demand for Microloan financing from qualified small businesses. Several of the microlenders attributed this increase in the demand to an improving economy, encouraging entrepreneurs to start new ventures or expand their existing company.

Intermediaries Reflect on What Makes the Microloan Program Unique

The unique strengths of the SBA Microloan Program most identified by survey participants, is the ability to provide low cost capital to those that would otherwise not have access; the technical assistance element, which allows intermediaries to share business expertise necessary to nurture novice entrepreneurs; and the flexible lending requirements to provide loans that more conservative banks wouldn't be able to make to the low-income, veteran, minority and women entrepreneurs targeted by the program.

MoFi from Missoula, Montana, which serves the Northern Rockies, explained that through the Microloan Program they were able to help the growing, yet underserved Hispanic communities in their region. MoFi noted that development in Hispanic-owned businesses is often limited by access to capital. Adriana Scarpetta and Triny Silva fulfilled a longtime dream when they opened El Cafetal at the Boise International Market in 2015. But when the Colombian restaurant completely burned to the

ground eight months after opening, they did not have insurance to rebuild and thought their dream went up in flames. Despite a limited credit history and lack of collateral, Adriana and Triny had a strong reputation, loyal following, and proven restaurant experience. MoFi provided financing to help reopen El Cafetal in Nampa, allowing Adriana and Triny to continue doing what they love—providing authentic, delicious Colombian cuisine to the Treasure Valley.

Another aspect of the Microloan Program that enables intermediaries to uniquely help business owners is the flexibility to provide small and achievable loan amounts. The Center for Rural Affairs (REAP) in Lyons, Nebraska explained that many businesses are unwilling or more often unable to take on large amounts of debt. Others simply do not need a large loan to get started or make needed improvements and these smaller loans are less attractive to traditional financial institutions. The Microloan Program responds to the unique needs of rural entrepreneurs by providing manageable resources to businesses that just need a start or a small push to turn the corner. The size, flexibility, and accompanying assistance of this program consistently yields results.

Respondents also credited complimentary funding, the low interest rates, and community-based lending as strengths of the SBA Microloan Program. Alliance Multicultural Community Services in Houston, Texas illustrated the power of community based lending, “The SBA Microloan Program allows a community service organization like the Alliance to reach out and help business entrepreneurs that have trust in Alliance because of the organization's experience with the community and individuals. SBA trusts that Alliance knows its community and empowers Alliance to act.”

A common theme from the respondents was that for many new businesses, the SBA Microloan Program was the ‘but for’ to beginning their businesses. But for the access to low cost capital, technical assistance, and flexibility of the lenders, many rural and low-income small businesses entrepreneurs would have never realized their dreams.

For more examples of the SBA Microloan Program’s success, please see the Success Story section, starting on page 13.

SBA Microloan Program By The Numbers* *(In Fiscal Year 2017)*

1991	The year the SBA Microloan Program was first authorized.
150	The number of Intermediaries participating in the SBA Microloan program.
46	The number of States—in addition to D.C. and Puerto Rico—served by Intermediaries.
\$50,000	Maximum loan amount under the SBA Microloan Program.
\$13,881	The average size of an SBA Microloan.
15%	Percentage of loan funds that Intermediaries must match with non-federal funds.
25%	Percentage of grant funds that Intermediaries must match with non-federal funds.
4,986	Number of SBA Microloans made.
\$69.2 M	Total dollar amount of SBA Microloans.
18,673	Number of jobs supported by microloan borrowers.
\$1,660	Cost to the government per job supported by an SBA Microloan.
55%	Percentage of SBA Microloans issued to minority entrepreneurs.
46.6%	Percentage of SBA Microloans issued to women entrepreneurs.
37.7%	Percentage of SBA Microloans issued to startup businesses.
74%	Percentage of loans used for working capital.
27.7%	Percentage of loans used for new equipment.

** Data from SBA Nationwide Loan Report for Oct. 1, 2016 to Sep. 30, 2017.*

SBA MICROLOAN SUCCESS STORIES

DBT Tank & Tower, LLC

Clinton County, KY

"I wonder who services and maintains my municipality's water tank and tower?" If one were to ask a random member of their community the odds would be significantly unlikely anyone would know the correct answer. It's a matter that is almost entirely taken for granted and one that is rarely (if ever) even pondered. So, for the unsung heroes of DBT Tank & Tower, why continue to do it? The answer is actually quite simple – in true entrepreneurial fashion they recognize a tremendous demand for their skilled services and possess just the right mix of experience and acumen to excel in their chosen profession.



Before and after of DBT's work.

Brothers Brent and Brandon Durham, of Clinton County, KY, have always been close – and competitive – with one another. So, when Brandon – the older of the two – began working for a sub-contractor that performed tank restoration services, Brent followed suit. At this job, both learned many of the necessary skills enabling them establish DBT Tank & Tower. Their childhood friend, Tony Behrens, has also been along for the ride with them every step of the way. The final member of DBT, Allen Tiller, joined the group by way of marriage and provides the

business acumen and fills the role of business administration and development. The four of them would always talk amongst each other about partnering on a business such as DBT, and in early 2017 this conversation took a more serious turn as they all decided they wanted to apply their individual skills and abilities to the creation of a viable endeavor.

Brandon, being the most experienced of the crew, would act as foreman and project manager when the group was on-site. Brent and Tony would provide the additional manpower and their own unique traits which would allow for successful completion of each job. Allen would focus primarily on the other side of the business – bid preparation, bookkeeping, etc. With roles and responsibilities carved out and a business plan formulated, the next step of the process was to procure all of the necessary equipment to bid on the size of jobs they were targeting (tanks with a capacity of 300,000 gallons and over).

Allen reached out to Kentucky Highlands Investment Corporation (KHIC) about the SBA Microloan Program. KHIC lending staff began working with Allen on the loan process and providing assistance, including preparing pro forma financial statements, helping them understand how lenders evaluate

collateral, and cash flow management to better budget for fixed and variable costs and avoid some of the pitfalls that are common when providing contractual labor.

After these extensive conversations and appropriate due diligence being performed throughout the underwriting process, KHIC and DBT Tank & Tower entered into a loan agreement in the summer of 2017 for approximately \$43,500. The company was able to take this loan and pair it with the owners' equity already injected into the business to buy all of the necessary equipment they needed (i.e. – sand blasters, pressure washers, etc.) along with an enclosed trailer to transport it all from job to job in the expansive 20+ state territory where they operate.

To date, DBT Tank & Tower has thrived and they are even considering adding an additional crew. The business generated over \$200,000 in revenue in their first partial year of operations and they even maintained an operating profit margin of over 50 percent! These four men are creating wealth for themselves by combining their individual skillsets, providing a valuable service to municipalities across the Eastern United States, and growing at such a pace that more employment opportunities with the company seem as if they will likely emerge. The future is just as exciting for this business as their start has been thus far.

Submitted by SBA Microloan Intermediary: Kentucky Highlands Investment Corporation in Berea, Kentucky

CrossFit Milo

Tucson, Arizona

Alan and Kare Williams have a continuing goal to serve their Tucson community. After a combined 50 years as First Responders in Tucson, AZ, they decided to take on the adventure of entrepreneurship by opening CrossFit Milo.

CrossFit Milo was inspired by Kare’s experience as a CrossFit athlete and coach. It was created with the intention to build a fun, supportive, functional fitness community with one constant reminder “train to keep training”. Alan and Kare were like most entrepreneurs, very passionate about their business, but soon discovered they needed help with financing and other business areas outside of their expertise.



Chicanos Por La Causa (CPLC) provided the Williams with a \$43,000 loan as well as technical assistance to get their business off and running on a good foundation. To begin with, CPLC provided pre-loan technical assistance (TA) to help them find a baseline of paying monthly members necessary for the business to succeed.

CrossFit Milo’s workouts are tailored to an individual's fitness ability but in a supportive, group environment. They specialize in group functional fitness operating as a Crossfit Affiliate. Clients can

expert high intensity interval style workouts, combined with elements of body weight, Olympic lifting and gymnastic elements.

CrossFit Milo provides an environment where various fitness levels can pursue any type of fitness goals. Their mission is to exceed expectations by providing an effective, safe, and fun fitness experience in a supportive group environment, while celebrating the personal fitness achievements of each individual.

Working with CPLC consultants, the Williams were provided with marketing education to encourage visibility and increase sustainability. While maintaining the spirit of the company, keeping the logo, and understanding the CrossFit culture, CPLC helped them create a new comprehensive online marketing campaign including a redesigned web page, including embedded video, high resolution photography, key word content integration, and Search Engine Optimization (SEO). The CPLC TA team also included a social media campaign through Facebook and Instagram, including calls to action, 'like' campaigns and engagement opportunities. As a result, they have seen increases in social media engagement, Google page listing, increased unique visitor traffic, increased inquiries into services provided, and the end result of increasing monthly paying subscriptions to cover their operating costs.

In conjunction with the post loan TA on marketing, financial consulting was provided. Alan and Kare were taught how to read and understand the financial position of the company and the importance of regular reporting and budgeting.

CPLC continues to work with Alan and Kare, providing post loan technical assistance. From the day they opened clients have shared constant positive feedback; and CrossFit Milo just continues to grow because of the great response. Located just north of downtown in the Dunbar/Spring historic neighborhood, CrossFit Milo has been open since January of 2017 and looks forward to continuing to serve the Tucson community for years to come.

Submitted by SBA Microloan Intermediary: Chicanos Por La Causa in Phoenix, Arizona

Mariama's Beauty Supply Story

Portland, Maine

In January 2012, when Mariama Jallow arrived in the United States from her home country Gambia, she had ambitions to be a part of the growing immigrant business-owner community in Portland, Maine. After overcoming many hurdles, including advocating for and seeing the shift in a state law, developing a business plan, and opening a type of business that was new to the state of Maine, she now owns and operates Mariama's Beauty Supply store on Forest Avenue in Portland.

In Gambia, Mariama managed a store with her mom. "It was nothing like here," she explained. "When you arrive in the US you just don't know. I thought I could just go and open a store. Then I learned about taxes, paperwork, insurance, rules and regulations. I didn't have any help." She learned about CEI's StartSmart program from other immigrant business owners and set out to meet with Business Advisor John Scribner.

Her first idea was to open a grocery store, but she quickly learned that the market for new immigrant-owned grocery stores in Portland was saturated. Next, she dreamed of opening a hair and braiding business which would include retail products and rooms that braiders could rent to braid hair. She initially came to StartSmart looking for assistance with the licensing aspect of opening her business. Under Maine Law, hair braiding was prohibited without a cosmetology license. "I couldn't believe it," said Mariama. The hair braiding process doesn't involve any chemicals or harmful products, which is a major reason for cosmetic licensing. "People in Maine don't understand hair braiding because there aren't many Africans here. I knew this business could be good for the state."

Mariama and her business advisor John began by reviewing the state laws. They worked with CEI's Senior Vice President of Research and Policy Development, Carla Dickstein, and Peggy Shaefer, who served as the small business advocate within the Secretary of State office at the time. "We worked together to help update the licensing requirements at the State level. Mariama's willingness to get involved on that level is unique, and showed her strong desire to open her own business." Mariama and John both provided testimonial before the legislature. The case was strong and a bill quickly passed, allowing individuals to offer hair braiding services without having a cosmetology license. With the new ruling in place, Mariama pursued finding a retail space where her vision for the beauty store and hair braiding space could become a reality.

After about a year of looking for a location for her business, a retail space became available on Forest Avenue. Mariama worked closely with John to manage all the legalities of renting and operating out of the storefront, including setting up a tax ID number and getting business insurance, to name a few. "Sometimes I sit down with John for one or two hours, for free! He takes time to come in here to my business. There's no way I could've paid for those services," she said.

The business opened in the summer of 2016 as a hair retail space. After a few months, some of her clients began renting rooms in the store for their personal hair braiding services. While Mariama is not a hair braider, she is excited to offer a space where skilled immigrants can earn a living for themselves. In the Portland area, there are no stores that are solely dedicated to African hair sales and services. Some hair is sold in small grocers, but Mariama's Beauty Supply is the first hair-only retailer.



After assisting Mariama with the many hurdles she had to overcome to start her business, In May 2018, CEI provided her with a \$5,000 SBA Microloan to help her expand her inventory.

“If it wasn’t for CEI, where would I go? When I came up with the project, John was there from the start. Each time I work with him I feel more confident in my ability to run a business,” she said. “The people in Maine are lucky. It’s impossible for us to do this without support. CEI has provided a lot of help for me, and I know many others who feel the same way.”

“Mariama is always looking to learn and grow her business to the next level, and it’s a pleasure to play a small part in the growth of her business and dream,” said John. She plans to expand the business this fall to include a fully operational hair salon with two stylists. “People feel comfortable and relaxed here. Now they can come to buy hair and have their hair braided,” she concluded.

Submitted by SBA Microloan Intermediary: Coastal Enterprises, Inc. in Portland, Maine

MedCode Professional Career Academy **Nashville, Tennessee**

Jasmine Hall's first job in her teens was in medical collections, a role where she found a natural talent for understanding the terminology and explaining bills to patients. As a young mother, Jasmine was looking for a higher paying career that would also allow her to spend more time with her daughter. After seeing a commercial for medical coding school, she decided to put her talents to use and earn her Certified Professional Coder (CPC) certification.

Getting that certification, however, would come with a lot of sacrifice. But the long hours paid off and she was able to provide for her daughter in ways she hadn't been able to before. Soon, friends and family began asking Jasmine if she could teach them medical coding. She did some digging and decided to get certified and launch her own school. Her model would strip away the extra courses that for-profit schools include to more efficiently and cost-effectively prepare students to enter the job market. At her father's suggestion, Jasmine used the business plan template from SBA.gov to apply for her loan from Pathway Lending to open MedCode Professional Career Academy.

"I think going into a lender's office can be intimidating, but Pathway Lending was different. They were very supportive and so excited about my idea," says Jasmine. "They were very open to the idea and said 'let's do this together.' So after ten years of planning and working toward my dream, MedCode Professional Career Academy was born."



With a \$15,000 SBA microloan from Pathway Lending, Jasmine purchased the curriculum license, all the equipment she needed to teach, and started meeting with her Pathway Lending business advisor, Phylicia Coleman Moye. She and Jasmine meet regularly to "roll up their sleeves" and dig into QuickBooks, social media, business systems, and more.

"My meetings with Pathway have been essential to the growth of my business," says Jasmine. "I've spent hours in QuickBooks with Phylicia, making sure everything is set up correctly, that my business is growing, and that I'm accomplishing my goals."

Submitted by SBA Microloan Intermediary: Pathway Lending in Nashville, Tennessee

Rob Landers Commercial Systems

Atlanta, Georgia

Rob Landers grew up in St. Louis and majored in sports medicine at the University of Kansas. While he was in school, he made pocket money by cleaning dorms and student apartments. A job with the Spirit Group brought him to Atlanta, where he started moonlighting with a cleaning service as a “one-man show.”

“I’ve always had an entrepreneurial spirit, so I thought: Why not turn something I enjoy into a business?”



When he applied for a loan from Access to Capital for Entrepreneurs (ACE) four years ago, he was declined. He worked together with ACE to improve his credit and analyze how the money was coming in and going out in order to develop a sound business plan. Less than 12 months later, Rob was approved for a \$23,000 microloan in April 2017.

Today, Rob Landers Commercial Systems (RLCS), which employs 50 workers, specializes in janitorial and maintenance services across the state. His clients include Georgia Tech, the Department of Transportation, and the city of Smyrna, among others. At 32, he is considered the youngest entrepreneur with multiple contracts in the public sector, and he is the first African-American to operate a business of this kind in the state, and possibly in the country, he says.

“By helping me come up with an action plan, ACE has been pivotal in my growth,” he says. “The capital is important, but ACE offers so many other important resources such as marketing and technical assistance. I always recommend ACE to other business owners who need help.”

Rob derives great satisfaction from his business and he also strives to keep his employees happy.

“We’re not exclusively focused on just the bottom line -- we’re a family-oriented business,” he says. “We try balance work and life, and I’ve learned that these measures make our employees more passionate about their work.”

“We are expanding into South Carolina now,” he says, “and our goal for 18 months from now is to establish a franchise. We’re at the point where we replicable. I owe much of this success to ACE.”

Submitted by SBA Microloan Intermediary: Access to Capital for Entrepreneurs (ACE) in Atlanta, Georgia

Baby Express

Racine, Wisconsin

Nicole Urquhart, a veteran, went to Wisconsin Women’s Business Initiative Corporation (WWBIC) for assistance with her business idea to create Baby Express, a reliable, on-demand transportation for women covered by Medicaid who need prenatal care and well-baby checkups. Through her business, Nicole sought to increase healthcare access, promote independence, and connect resources to pregnant women and their households.



Nicole credits WWBIC’s Small Biz class with helping her launch the business with a solid business plan. In addition to her own full-time job as owner, she has two employees. “I was skeptical about the class,” she said. “I thought I knew how to write a business plan because I had written grants and had purchased business plan software. I found out I had more to learn.”

WWBIC has worked in partnership with Baby Express presenting sessions on entrepreneurship to participants of the business’s Prenatal Care Coordination Program. Since opening, Baby Express has expanded tremendously growing from a small family operation to a staff of nine.

Nicole also moved from a single van to a fleet of transportation vehicles. In 2017, Nicole opened the Baby Express Wellness Center and received a \$25,000 Microloan from WWBIC to better support her business expansion. Baby Express continues to get national and local recognition for their work to decrease infant mortality.

Submitted by SBA Microloan Intermediary: Wisconsin Women’s Business Initiative Corporation (WWBIC) in Milwaukee, Wisconsin

Friends of the SBA Microloan Program

Access to Capital for Entrepreneurs (GA)

Bridgeway Capital (PA)

California Coastal Rural Development Corporation (CA)

CDC Small Business Finance (CA)

Center for Rural Affairs (NE)

Chicanos Por La Causa (AZ)

Coastal Enterprises, Inc. (ME)

Colorado Enterprise Fund (CO)

Common Capital (MA)

Community Investment Corporation (CT)

Community Ventures Corporation (KY)

Economic and Community Development Institute (OH)

Entrepreneur Fund (MN)

Impact Seven (WI)

Justine Petersen Housing & Reinvestment Corporation (MO)

Kentucky Highlands Investment Corporation (KY)

LiftFund (TX)

MACED (KY)

MoFi (MT)

Northern Initiatives (MI)

PACE (CA)

Pathway Lending (TN)

Rural Community Development Resources (WA)

Wisconsin Women's Business Initiative Corporation (WI)



Friends of the SBA

MICROLOAN PROGRAM