



BUSINESS & FINANCE

United States Hispanic Chamber of Commerce Urges Administration to Expand Lending for America's Small Businesses

WASHINGTON, Oct. 21 /PRNewswire-HISPANIC PR WIRE/ -- The United States Hispanic Chamber of Commerce (USHCC), the leading advocate for nearly 3 million Hispanic-owned businesses and over 200 local Hispanic chambers throughout the United States, described a mixed reaction to today's announced improvements to small business lending, noting a move in the right direction, but also an expansion of old measures that have not yielded desired results.

As part of February's stimulus package, Congress allocated \$730 million to the Small Business Administration (SBA) to temporarily waive fees and increase guarantees the agency offers banks that make qualifying small business loans. Despite those measures, SBA lending continued to fall, dropping 36% in the 2009 fiscal year compared to a year earlier.

Twenty-two of the largest TARP recipient banks have cut their small business loan portfolios by \$8 billion.

"The solution is to somehow ease the reluctance of banks to lend to small businesses, and for the SBA to reassert itself in the role of provider of direct loans," said David C. Lizárraga, USHCC Chairman of the Board. "Beyond that, the Administration must couple any federal effort to promote small business lending with technical assistance on the ground in order to help businesses navigate the process."

Small and minority entrepreneurs often face an inherent challenge maintaining appropriate financials, managing cash flow, navigating the application process and preparing quality materials including loan packages and sound business plans. These are large obstacles for any small or minority-owned business that applies for a loan.

Lizárraga continued, "many local Hispanic Chambers throughout the country provide free technical assistance to thousands of Hispanic entrepreneurs and work closely with financial institutions and local SBA offices to promote and ensure access to capital. We can certainly use federal support to assist a much larger number of entrepreneurs. The need for this type of assistance is far greater than is being currently met."

America's small businesses employ half of the country's private sector workforce and have traditionally created 70-80% of the country's new jobs. Since January 2008, these businesses have lost over 2.5 million jobs. While the Administration has worked to reduce fees and improve Federal guarantees on SBA loans, small businesses cannot benefit unless banks actually issue them. Emergency ARC small business loans from the SBA have such restrictive terms that few businesses qualify. For example, despite thousands of applications for assistance, only 61 businesses in the entire state of Texas have qualified for loans.



"The Small Business Administration provides emergency loans to small businesses after a natural disaster ... and this economy is looking a lot like a disaster for too many small businesses," said Javier Palomarez, President and CEO of the USHCC. "Small businesses need help now, and the SBA must get back in the business of direct loans, so it can be a lender of last resort."

Palomarez continued, "Greater access to TARP funds for small business loans and using CDFIs is a great step, but is unlikely to generate many additional loans unless resources are made available to assist businesses to access these funds."

About the United States Hispanic Chamber of Commerce

Founded in 1979, the USHCC actively promotes the economic growth and development of Hispanic entrepreneurs and represents the interests of nearly 3 million Hispanic-owned businesses in the United States that generate nearly \$400 billion annually. It also serves as the umbrella organization for more than 200 local Hispanic chambers in the United States and Puerto Rico.

About Hispanics Today

Hispanics Today is an English-language television show that highlights the largest and fastest growing segment of the U.S. population -- the Latino market - and their impact on American business, politics, and culture. The show reaches 84% of Hispanic television viewers in 165 markets.

About USHCC Foundation

The USHCC Foundation is committed to giving Hispanics alternatives for life preparation and life-long learning by developing and implementing initiatives and educational campaigns to awaken and nurture their entrepreneurial spirit. The Foundation leverages corporate and public support to ensure that existing and aspiring Hispanic entrepreneurs gain access and achieve success in the world of business.

SOURCE United States Hispanic Chamber of Commerce

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