

BUSINESS

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CD

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Microlenders making a big difference

As little as \$300 crucial lifeline for borrowers

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At a time when the nation's biggest banks are keeping a tight rein on credit, community-based microlenders have been trying to fill the gap with low-value loans for mom-and-pop businesses and

other entrepreneurs.

Although the loans are too tiny for most banks to handle - ranging from as little as \$300 to as much as \$35,000 - they can be an important lifeline for borrowers, who use the money to overcome short-term cash flow problems, create new businesses or expand their operations.

"The banks are still being tight with any business loans," said Jim Martin, who used a \$35,000 micro loan to launch a motorcycle shop in Santee. "I've got

Triple-A credit, my credit score's in the high 700s, but I couldn't get any bank interested, even the one where I've had an account for years!"

In contrast, Point Loma-based microlender CDC Small Business Finance not only made a loan to Martin and his wife, Janine, but also gave him advice about drafting a business plan, helping him make the shift from laid-off construction worker to entrepreneur.

"This has been a dream of mine since

the 1980s, but without the CDC loan, we wouldn't have been able to do what we did," Martin said.

A study released last week by the nation's biggest micro lender, Accion USA, shows that micro loans have a ripple effect on the economy. Based on customer surveys, Accion estimated that each loan it generated in 2007 resulted in the creation or retention of

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