



# *Op-Ed*

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## **Getting More Loans Into the Hands of the Underserved**

By Natalia Olson-Urtecho, SBA mid-Atlantic Regional Administrator

As Administrator for the U.S. Small Business Administrator's mid-Atlantic Region, it's my job, and the job of the agency, to help as many entrepreneurs as possible access the capital they need to start or grow their businesses. We know we've made gains in expanding our programs, but there is still more to do to make SBA loans available to every business owner who needs one. Underserved communities in particular still have trouble accessing capital they need to achieve their dreams.

When SBA Administrator Maria Contreras-Sweet started in April she made clear that improving access to capital for the underserved would be a top priority. That's why, starting this month (July), we're transforming our guarantee process to better serve America's small businesses. We're streamlining our underwriting by making a total credit scoring model we've been testing and refining for over a decade available to all of our lending partners for loans of \$350,000 or less.

The SBA total credit score combines an entrepreneur's personal and business credit scores and makes it easier and less time intensive for banks to do business with SBA. This model is cost-reducing and credit-based, and ensures risk characteristics – not socio-economic factors – determine who is deemed creditworthy. Along with this simplification, we're eliminating requirements for time-consuming analyses of a company's cash flow on small loans under \$350,000, a step that can delay loan decisions.

Additionally, back at the beginning of the current fiscal year, we set our fees to zero for loans of \$150,000 or less – another way to reduce costs for lenders making small-dollar loans. Why does this matter? Because oftentimes, the smaller or newer the business, the smaller the loan. As businesses grow they come back for additional loans, creating jobs along the way. So, encouraging lenders to make more small-dollar loans is good for the economy, good for businesses, and good for our communities.

These changes make sense. They are another step in our efforts to modernize our lending process and bring it up to pace with the high-tech era we live in. They make it easier and less time-intensive for banks to do business with SBA. We're making these changes knowing that it will simplify and streamline the lending process, which will incentivize banks to make more small-dollar loans in order to get more loans into the hands of traditionally-underserved entrepreneurs.

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We know the key to a strong and lasting middle-class is opportunity for all. The President has made clear that we must grow our economy from the middle out. Key to that is access to the American Dream of starting and owning your own business. By making SBA loans easier and more affordable, more lenders will join our program, more small businesses will have access to our lending products, and more entrepreneurs will succeed.



Natalia Olson-Urtecho; Mid-Atlantic Regional Administrator, U.S. Small Business Administration  
Natalia oversees the delivery and management of the SBA's services to small business owners and entrepreneurs throughout Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and Washington D.C.

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