

SBA Gives Hub Small Businesses A Boost

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More small businesses in Boston neighborhoods are eligible for business loans because the U.S. Small Business Administration has recapitalized Dorchester Bay Economic Development Corp.'s SBA microloan fund.

The Dorchester Bay Economic Development Corp. will receive a \$750,000 SBA loan to recapitalize its SBA microloan fund, and make loans of up to \$35,000 to small businesses in Boston's lower-income neighborhoods, according to a statement.

SBA's microloan program was developed to increase the availability of very small loans to prospective small business borrowers. Under this program, the SBA makes funds available to nonprofit intermediaries, who in turn make loans to eligible borrowers.

The \$750,000 SBA loan to Dorchester Bay will enable the nonprofit to make loans to small businesses in amounts ranging from \$5,000 to \$35,000. Microloans can be used for working capital and acquisition of materials, supplies, furniture, fixtures and equipment.

This is the third time that the SBA has lent money to Dorchester Bay for the program. SBA has also awarded \$71,000 in grant funding to support Dorchester Bay's technical assistance work with small business borrowers and loan applicants.

"Entrepreneurs need alternative sources for loans as well as access to business training," said U.S. Small Business Massachusetts District Director Robert H. Nelson. "SBA micro lenders provide in-depth business education to their customers to complement the business loans they may not have been able to obtain elsewhere. We're pleased to be able to partner with an excellent organization like Dorchester Bay to meet the need for small loans and training in so many Boston neighborhoods."

Cristo Banda, Dorchester Bay's director of lending, explained the significance of the location of the award announcement.

"The CVS and adjoining Brothers Market could have become vacant retail spaces after another supermarket at this location went out of business. Dorchester Bay was able to provide the developer of this space with a very low interest loan through another federal program that supports community development activities. We provided that funding on condition that CVS locate a quality grocery operator for part of this space. The repayment by the developer of our loan capital is what we are using to create the required loan reserves for the new \$750,000 SBA loan commitment," Banda said. "CDCs that do this kind of work have become very adept at leveraging a multitude of programs and capital sources for business development and neighborhood stabilization."