

WASHINGTON BUSINESS JOURNAL

August 1-7, 2008

washingtonbusinessjournal.com

\$2.95

Deep pockets

See whose charity events brought in the biggest bucks. **Page 45**

Property management companies, **Page 25**

small nonprofit organizations

FINANCE

Latino financing group sees big rise in microloan demand

By **Bryant Ruiz Switzky**

Staff Reporter

As the lending climate continues to sour and banks tighten their standards for loans, entrepreneurs are turning more to alternate forms of funding.

In the Washington area, one microloan program in particular has seen its numbers dramatically increase.

Microloans are small loans given to people or businesses considered unbankable by mainstream financial institutions.

The Latino Economic Development Corp., which lends \$50,000 or less to businesses that don't qualify for traditional bank loans, has made 52 loans for a total of \$620,000 in the fiscal year that began Oct. 1 — a big jump from the nine to 15 loans it made annually a few years ago.

"It's just tougher to get loans from banks — and that's affecting us," said Manny Hidalgo, LEDC's executive director.

The increased volume also results from a revamping of LEDC's lending standards.

The organization gets its operational funding from about 40 different sources.

The largest is the D.C. Department of Housing and Community Development.

LEDC funds its loans through the Small Business Administration, as well as through a consortium of six banks that supply a \$550,000 revolving line of credit.

Despite the economic slowdown, LEDC's default rates are about 4 percent, unchanged from a year ago.

The nonprofit, run by 26 employees, has received props from the Washington, D.C. Economic Partnership. It won the BusinessPremier Best Small Business Initiative award July 30.

■ E-MAIL: BSWITZKY@BJOURNAL.COM PHONE: 703/258-0825