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Community Reinvestment Fund, USA Initiates SBA 7(a) Lending Program to Help Small Businesses With Financing in 2012 and Beyond

CRF is one of only 14 nationwide non-banking institutions licensed by the U.S. Small Business Administration to offer 7(a) loans -- the most flexible and commonly used type of SBA loan.

MINNEAPOLIS – Jan. 11, 2012 – Community Reinvestment Fund, USA (CRF), a Minneapolis-based national non-profit and Community Development Financial Institution (CDFI), today announced it has been selected as one of only 14 nationwide non-banking institutions to offer the U.S. Small Business Administration's (SBA) 7(a) loan program.

While many U.S. banks and other regional lenders participate in the SBA's 7(a) loan program, the SBA has limited the number of non-bank 7(a) licenses to just 14 institutions nationwide, enabling them to offer eligible small businesses SBA Guaranteed Loans up to the program maximum. CRF is participating in this program for the first time, and as a result, many small businesses that may not be eligible for bank loans will have access to longer-term loans that can help them make capital improvements, add jobs and restructure or renew debt. CRF will partner with local lenders when they cannot extend loans to their small business community.

"With the new SBA 7(a) lending program, we can focus on our passion of helping small businesses, and particularly those in low-income communities, said Brian Burke, CRF's National SBA Lending Director. "Small businesses are the backbone of our community. We've always had small business financing programs, but now we'll be partnering with banks, credit unions and Community Development Financial Institutions (CDFIs) to reach many more small businesses in need," he said.

Burke explained that CRF has a national focus and is interested in assisting businesses nationwide. Strong relationships in the Upper Midwest as well as the Rocky Mountain region, where he is based, are expected to provide some of the first loans. CRF is targeting to do approximately 100 loans during 2012 for a total of \$40

—more—



million in financing. CRF will focus on small business financing gaps not typically covered by other many other lenders, including low-income and rural communities, minority, women and veteran-owned businesses, and retail and franchise businesses. In addition, CRF will be handling loan sizes that other institutions tend to ignore: smaller loans of \$100,000 to \$500,000, and it can loan up to \$2 million. The typical borrower is an established company that can't work with their local bank because of some capacity, regulatory or industry limitations.

"The 7(a) loan program tends to be counter-cyclical with what's going on in the credit markets," Burke said. "When times are good, conventional lending often satisfies the demand. But when credit isn't available, we can use the SBA 7(a) program to satisfy the need for credit. Of course, with the recession over the past few years, the demand for flexible, well structured credit has been higher. So we view this program as essential to spurring economic growth and job creation."

The 7(a) loan program is SBA's primary program to help small businesses obtain financing when they might not be eligible for business loans through normal lending channels. The program keeps credit flowing to small businesses and fills a critical gap for small businesses that need access to longer-term loans. Through the 7(a) program, the SBA provides 75 to 85 percent loan guarantees on loans up to \$5 million and delivers liquidity to thousands of businesses that might otherwise be frozen out of the lending markets.

Through its private sector lending partners, the SBA accounts for over 70 percent of all long-term small business loans in the U.S. 7(a) loans are the most commonly used type of SBA loans, and they are also the most flexible, since financing can be guaranteed for a variety of general business purposes, including working capital, machinery, equipment, furniture and fixtures, land and building, and even debt refinancing under special conditions. Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets.

Brian Burke was recently named CRF's National SBA Lending Director. With more than 22 years of SBA guaranteed loan expertise, Burke is responsible for intensifying CRF's reputation for mission-driven financing within SBA lending, and especially with the SBA 7(a) loan product.

About CRF

Community Reinvestment Fund, USA (CRF), a nonprofit organization and certified Community Development Financial Institution (CDFI), is a national leader in bringing capital to underserved areas. Formed in 1988, CRF has injected more than \$1.3 billion into low-income and economically disadvantaged communities around the country to help stimulate job creation and economic development, provide affordable housing, and support community facilities. CRF is headquartered in Minneapolis, Minn. For more information, visit www.crfusa.com.