

SMALL BUSINESS NEWS



CENTER *for* RURAL AFFAIRS

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For more information, visit cfra.org/food-and-farm-business-loans, or contact Meg Jackson at megj@cfra.org or 402.309.9096.



CENTER *for* RURAL AFFAIRS

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On the cover: Sabino and Maria Hernandez and Reyna Diaz Villalba of Corn Taco in Schuyler, Nebraska. | Photo by Kylie Kai

Protect your personal assets with an LLC

By Mabel Alarcon Craven | Jessie Eby contributed to this story

As your business grows, so do your responsibilities and risks. You might begin taking on bigger projects, handling more income, or working with contractors and vendors. Once you reach this point, it may be time to consider formalizing your business, and forming a limited liability company, or LLC, is one of the most popular ways to do it. An LLC offers flexibility, protects your personal assets, and gives your business a more official standing in the eyes of banks, customers, and potential partners.

An LLC is the most common business structure among business owners with fewer than 10 employees. As its name suggests, an LLC offers liability protection, meaning the business owner's assets (things like their home, vehicle, and personal bank accounts) are usually protected from the business' debts and liabilities. The LLC is considered a separate legal entity from the business owner.

What are the benefits of operating under an LLC?

In addition to the liability protection it provides, an LLC is easy to operate. This structure allows flexibility in taxation and management, can have unlimited members (owners), and doesn't require a board of directors. Additionally, an LLC's members are not required to be U.S. citizens or residents.

At what point should you consider forming an LLC?

Consider forming your LLC when your business moves out of the hobby or idea-testing stages and you begin to get more serious. Formalizing your business can feel like a big step, and it may be tempting to put it off in favor of continuing to operate as a sole pro-

prietor. Don't wait too long—setting up your LLC will protect your assets and allow you to apply for financing, should you need it.



Who should consider forming an LLC?

Any business owner who wants to shield their personal assets from potential business liabilities should consider forming an LLC, especially those working in medium- to high-risk industries like construction, real estate, or health care.

Forming an LLC can give your business a boost in credibility and professionalism, which can strengthen relationships with banks, investors, and customers alike. Banks often prefer working with formal business entities, making it easier to open business accounts or secure financing. The LLC structure signals to potential investors that you've taken steps to protect your personal assets and clarify ownership, which can make your business more attractive. Customers and clients may also view an LLC as a sign of legitimacy and stability, helping to build trust in your brand.

While an LLC doesn't guarantee success, it can create a solid foundation for growth and open doors to opportunities that might be harder to access as a sole proprietorship or informal partnership.

Read more about the process of forming an LLC and ongoing costs and responsibilities at [cfra.org/small-business-series-LLC](https://www.cfra.org/small-business-series-LLC). 📖

Business Resource

Sabino Hernandez, center, owner of Corn Taco in Schuyler, Nebraska, was presented with the Center's 2024 Entrepreneur Award on Sept. 22. Nina Lanuza, senior community organizing associate, and Brian Depew, executive director, presented the award. | Photo by Jennifer Lentfer



Schuyler business owners receive Center Entrepreneur Award

By Liz Stewart

What began as a passion for making food for friends and neighbors has led to Maria and Sabino Hernandez operating their own successful business.

When Maria started making and selling tamales from home, the couple was able to save money to buy their food truck in June 2014. Maria's experience working in the restaurant industry blossomed into a full-time labor of love for the owners of Corn Taco Mexican Food LLC, in Schuyler, Nebraska.

To expand their business, Sabino and Maria reached out to the Center for Rural Affairs for financial assistance and received their first loan in 2014. The Center helped them get two more loans in 2016 and 2021, both of which

they used to buy real estate. Staff also helped them apply for Nebraska Microenterprise Tax Credits.

Their most recent loan helped the couple remodel a brick-and-mortar location, which is set to open soon.

"We are done with the updates in the building, though we still need to buy some equipment," Maria said. "We have applied for another loan with the Center so we can finish up with the help of that loan."

Jessica Cabán, loan specialist with the Center, worked with Maria and Sabino on their loan applications. In addition, they got business startup training from the Center and one-on-one counseling

in business financing and capital sources, business operations and management, and tax planning.

The couple has shown their gratitude by recommending the Center's services to fellow entrepreneurs, as well as hosting Center staff and partners on food-based business tours.

"For over a decade, they have poured their hearts into building a thriving business—one where they get to do what they love most: serving their customers delicious, homemade meals," Jessica said.

Because of their dedication to growing their small business, Maria and Sabino have been chosen to receive the Center's 2024 Entrepreneur Award.

The award recognizes entrepreneurs who have received Center services and achieved success in business while demonstrating the values of innovation, community leadership, and social responsibility.

"We are happy to receive this award, and it's something that motivates us to keep on going even when things have slowed down," Maria said. "We are grateful for those that chose us to receive this award."

The Center has been honored to support the couple along their journey, Jessica said.

"One of the most rewarding aspects of my role is listening to my clients' stories—their journeys, motivations,



Maria and Sabino Hernandez, owners of Corn Taco, talk with Center Loan Specialist Jessica Cabán last July. | Photo by Kylie Kai

and grand visions for the future," she said. "Sabino and Maria exemplify the resilience and dedication that define so many small business owners. Their generosity and willingness to give back have been just as inspiring. Whether it's hosting us and our supporters to share their journey or lending their story as a testament to perseverance, they have always said yes."

Maria and Sabino look forward to seeing their business evolve as time and resources allow.

"We would like to continue to establish ourselves as a business, as our business is relatively small and we would like to grow it more," Maria said. "We want to take the next step. We are not sure of all of the details yet, but we have the willingness and eagerness to grow."

Sabino and Maria were presented with the Entrepreneur Award on Sept. 22. 📍

Feature Story

Rebuilding your credit

By Kim Preston | Jessie Eby contributed to this story

Note: Business credit is completely different from personal credit and will not be addressed here in great detail. Most small businesses do not have a business credit score and may not need one.

For many small business owners, personal credit and business finances are closely linked, especially in the early years. Unfortunately, that means poor personal credit can have a negative effect on your business.

The good news? Bad credit doesn't have to be permanent. Financial recovery is possible, even after hardships.

Credit is important for small business owners because suppliers, insurance companies, and lenders check credit scores before offering services or extending credit. Better credit typically qualifies your business for financing with lower interest rates and more favorable terms, improving cash flow and promoting sustainable growth.

Rebuilding your credit can be a long road, and unfortunately, there isn't a shortcut. The following steps will help you regain control.

▶ Check your credit report

You can't fix what you don't know is broken, which is why it's important to check your credit report. The report will detail your credit history, including:

- **All of your credit accounts (including loans), credit limits, and payment history**
- **Overdue debts**
- **Bankruptcies**
- **Credit inquiries**, a history of inquiries made when you've applied

for new credit. These can be "hard inquiries," which occur when you apply for a loan or credit card, or "soft inquiries," which are for things like pre-approved offers. Hard inquiries affect your credit score; soft inquiries do not.

Equifax, Experian, and TransUnion are the major credit reporting agencies. You can get free credit reports from all three through AnnualCreditReport.com.

When reviewing your credit report, take a look at a few key things:

- **Personal information:** Confirm that your personal information is listed correctly. If there are any discrepancies, be sure to follow up with the bureau reporting the misinformation and correct the errors. Incorrect names or addresses could be a sign that someone has stolen your identity or is attempting to use your information to commit credit fraud.
- **Balances:** Review all loan and credit card balances along with payment histories to make sure your records match.
- **Inquiries:** If you see any accounts or inquiries you don't recognize, it could be an indicator that your identity has been stolen or compromised. If you suspect either has happened, you can get help at identitytheft.gov.

If you find inaccurate information, you have the right to dispute those errors with the credit bureaus. Find resources for disputes at the Consumer Financial Protection Bureau or the Federal Trade Commission. Keep in mind any disputes should be reported to each of the three major credit bureaus.



► Pay your bills on time

Establishing a history of timely, regular payments is the best way to rebuild your credit. Whether you set up automatic payments or pay your bills manually, make sure you always pay on or before the due date.

One missed payment has significant consequences and takes a considerable amount of time to recover from. If you are not able to make a payment, reach out to your lender or credit provider as soon as possible to work out an agreement.

► Use credit responsibly

Try to keep your credit card utilization below 30%. If you have cards that are maxed out or have limited credit available, prioritize paying those balances down first or refinancing that debt. Tackling your highest interest rate debt first will save money on interest and improve your cash flow.

► Manage debt

Begin managing debt by knowing exactly what you owe; make a list of balances, interest rates, and due dates. Focus on making at least the minimum payment on all accounts, and then determine where to direct your extra funds to speed up repayment.

Commitment to your plan is the key to your success, so however you decide to handle your debt, make sure it is a plan you can stick to. Avoid taking on new debt while you're rebuilding, and whenever possible, pay more than the minimum balance to reduce your balances faster. Popular debt management methods include the debt avalanche or snowball.

If you have concerns about whether a debt is legitimate, visit the Consumer Financial Protection Bureau for a debt validation.

Ignoring old collections can have a devastating effect on your credit score for years. Take care of any past due bills and collection accounts. Either pay them in full or work with the creditor on a payment plan. Get any payment plan agreement in writing, and file it with your important financial documents.

► Manage your accounts

Avoid closing old accounts, as it can shorten your credit history and have an effect on your utilization rate. Keep old accounts open and use them lightly, ideally paying off the full balance monthly.

► Taking out loans for your small business

Sometimes, small business ownership requires large purchases that owners simply cannot afford. Buildings, vehicles, and large equipment are all investments that are difficult to pay for up front and entirely out of pocket. If you do need to take out a loan, borrow only the amount you need and choose your lender carefully. The Center can work with you to create a plan that fits your needs.

Every credit journey looks different, and rebuilding takes time. With regular, timely payments, reduced credit utilization, and limited credit inquiries, you'll strengthen your credit profile. Stay consistent—the steps you take today will build your financial stability for the future. 🏠

Our loan products

Apply at cfra.org/loans

- ✓ **Small Business Loan**
Up to \$250,000 for working capital, equipment, inventory, and real estate.
- ✓ **Express Loan**
For borrowers with credit needs less than \$20,000. Fewer documents and faster decision.
- ✓ **Meat & Poultry Processing Loans**
Loans between \$50,000 and \$5 million for expansion of existing business, startup of new business, real estate purchase, facilities update or expansion, equipment purchase, energy efficiency upgrades, purchase of an existing business, or working capital.
- ✓ **Food & Farm Business Loans**
Up to \$250,000 for working capital, marketing expenses, bookkeeping, farm or business insurance, purchasing inventory, etc.; equipment and infrastructure such as processing, storage, fencing, buildings; purchase an existing business; purchase of vehicles, business real estate, or other long-term assets; or gap financing to complement state or federal grant programs.

Home loans

At this time, we are pausing new mortgage applications as we work to secure additional funding to continue supporting homebuyers. We appreciate your patience and encourage you to email us at loans@cfra.org for updates. In the meantime, smaller home improvement loans may still be available.

Business development services

Business counseling

Business development specialists are available for free consultations on business troubleshooting, cash flow and budget, loan packaging, and more.

Loan specialists

We have a statewide network of loan specialists ready and willing to help you along your small business journey. Find your specialist on pages 10 and 11.

Events and networking

We host various workshops and networking opportunities focused on small businesses. To stay up to date, visit cfra.org/events.



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2024 Entrepreneur Partner Award



Award Spotlight

Awardee: Nebraska Business Development Center (NBDC), based out of the College of Business Administration at the University of Nebraska at Omaha

Partnership: Both NBDC and the Center support small business efforts around the state, and the organizations often find themselves collaborating to help entrepreneurs get the resources they need to turn their business ideas into reality.

About the award: This award is presented to an individual or organization that best exemplifies the entrepreneurial spirit that is so crucial to the future prosperity of Nebraska's rural communities. This person or organization has demonstrated outstanding support for the Center and exceptional dedication to small business development through one-on-one counseling, business training, lending, and networking across rural Nebraska.

“ This partnership has helped clients to be ready to have a conversation with our lenders about the business structure and financials while getting an understanding of how much the total project cost will be and what the operational plan is. The Center benefits from this collaboration by getting clients that have already gone through the initial process of determining what their business needs are and have a clear path for the future.

–Luis Franco, senior loan specialist, Center For Rural Affairs ”

“ It is truly gratifying to receive recognition for our team. They work hard to help Nebraska's business owners and entrepreneurs start and grow successful companies. The Center is a valued and respected partner doing amazing work to grow rural economies. It's truly an honor to have such a knowledgeable organization recognize the NBDC and the University of Nebraska system.

–Dan Curran, executive director, NBDC ”

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**Our team serves
small businesses
across Nebraska!**

Lending Team



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