

# LENDING SUCCESS STORY

## A&V Enterprises

Ana Gonzalez and Veronica Ramos, sisters, are 50/50 members of A&V Enterprises, LLC. In addition, Ana owns Enchanted Bakery and Veronica owns Blossom Beauty, a hair and nail salon.



## BIA'S MICROENTERPRISE ASSISTANCE PROGRAM HELPS ADVANCE DREAM

A&V Enterprises owns a building with three retail bays—one for each business and another space they rent out.



The parking lot, which covers a quarter of a city block, was in desperate need of improvement. When they received any substantial rain, the building was nearly an island in a large pool of water, and on dry days, delivery trucks carefully navigated their way through potholes.



The Center for Rural Affairs assisted Ana and Veronica in refinancing their property for \$147,721.07, which allowed for improvements and positively affected their monthly cash flow. The Center funded \$100,000 of the loan with Business Innovation Act funds, with the rest from Community Development Financial Institution loan funds.



## LENDING SOURCES SPLIT

When the Center splits loans, the borrower signs multiple sets of loan documents, sees multiple draws on their accounts for loan payments each month, and receives multiple interest statements at tax time.

While an inconvenience for the borrower, split loans create even more challenges for the lender. If any payment occurs above or below amortization, Center staff manually figure which source to keep current (if payment is low) or which source to pay ahead leaving room for human error or potential audit implications.

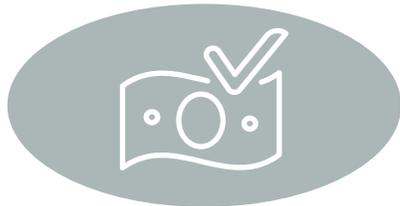


# BUSINESS INNOVATION ACT

The Business Innovation Act's Microenterprise Technical Assistance and Lending program helps make our work possible. This program enables the Department of Economic Development to provide grants to community-based organizations to encourage the development and growth of microenterprises throughout Nebraska. Recipients are required to provide matching funds, leveraging the state's investment with additional federal and private investment in microenterprise assistance.

This program has facilitated successful outcomes across the state. In 2020 alone, it resulted in Nebraska-based Microenterprise Development Organizations serving 6,307 clients with direct assistance and classroom training. In total, 164 clients were able to access direct loans, resulting in more than \$4.1 million in capital placed.

Current statute limits the size of loans made with Microenterprise Assistance Program funding to \$100,000 or less. Last updated in 2015, this limitation often requires lending organizations to find secondary sources of funding to complete business loans, just like in Ana and Veronica's case.



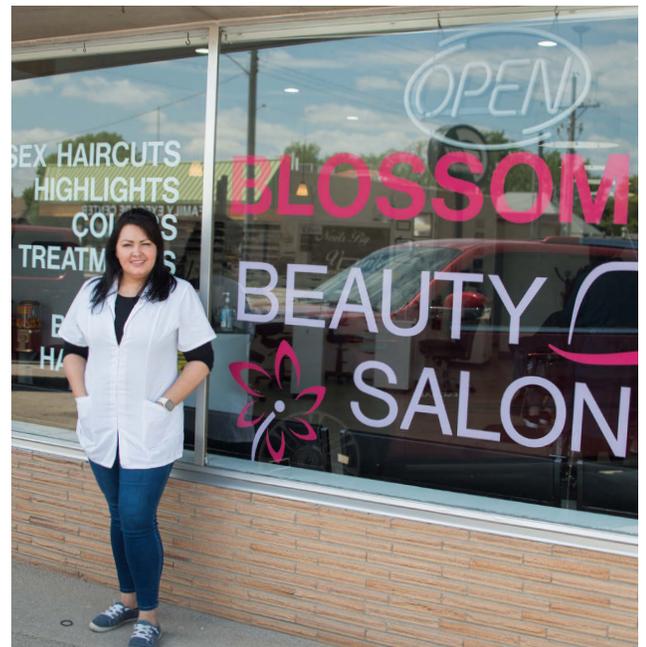
LB 759, introduced by Sen. Myron Dorn, would increase the maximum amount of a microloan under the Business Innovation Act to \$150,000.

## THANKFUL FOR HELP

“ The Center helps a lot of people. They offer so much information that helps small businesses grow.

I'm really happy that I'm working with them. I love having my salon, and it is off to a good start because of the Center.

—Veronica Ramos



## CENTER'S LENDING SERVICES

The Center for Rural Affairs serves startup and established businesses with 10 or fewer employees across rural Nebraska. Launched in 1990, we have placed 1,700 microloans totaling more than \$22 million. In 2021 alone, we provided 913 clients with one-on-one coaching, and another 678 with classroom-based training. We placed \$2.1 million in loan capital with 59 borrowers in 2021.

In our 30 years of lending, we have learned that capital alone cannot ensure the success of a business. Education, training, and mentoring are essential. We provide these tools in the form of educational programs and one-on-one coaching to serve more than 10,000 small businesses in the state.

