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## MICRO-LOANS HELP LOCAL SMALL BUSINESSES GROW

BY [PRECINCT REPORTER NEWS](#) JUNE 7, 2018

By Dianne Anderson

Given the choice, most people wouldn't want to chase after bad money, but it happens.

Michelle Skiljan has heard about the worst that can happen when predatory lenders lure small business into high-interest loans.

The merchant loan advance industry promises fast money for small businesses that have problems securing traditional loans, trapping some into nearly 100 percent interest rates.

She knows one woman that paid \$60,000 for a \$45,000 loan: \$15,000 in interest after 30 days.

"They take your payment right out of your account. Fortunately, she had two brothers to lend her for the payback," said Skiljan, executive director of the Inland Empire Women's Business Center.

In another case, someone borrowed \$120,000 at \$10,000 a month interest.

"And they still owed \$120,000," she said. "There is bad money out there. I do want to caution people. We talk about it everywhere we go."

This month, two events will help small businesses learn the right steps to finance loans as low as \$300 to \$75,000.

On Thursday, June 7, Accion, a nonprofit mission-based micro-lender, hosts a free financing and informational event in Rancho Cucamonga from 9 to 11 a.m. The event is hosted at California Bank & Trust – Training Room at 9590 Foothill Blvd.

Participants do not need a perfect credit score, she said, but they need to show they have an ability to pay back their debt.

"Maybe you have had a glitch in the past, but you've overcome it," she said. "Many people lost homes during the housing crisis, but you've recovered. It doesn't have to be perfect," she said.

The organization works closely with the U.S. Small Business Administration, which offers advice and direction through SCORE assistance programs. She said her organization helps many small business owners get their start to grow their business.

Micro-enterprise is gaining popularity as mom and pop shops are not trying to access millions of dollars. A small loan with a reasonable interest rate may be enough to buy that one piece of equipment they need to thrive.

“For them, a microloan could be a lifesaver,” she said.

High priced business loans continue to hurt small business because the industry is not regulated. Business owners regularly receive these types of offers by mail and email with a promise of quick money.

“If they can get it to you in 24 hours, it’s not a good loan,” she said. “Quick money is bad money. It’s really scary what they’re doing.”

On Tuesday, June 12, another free microloan event is hosted by the office of Rep. Pete Aguilar. That event also includes Accion, panelists from the U.S. Small Business Administration, Inland Empire Small Business Development Center, Inland Empire Women’s Business Center, and AmPac Tri-state CDC. It is open to the public, and will be held at 685 E. Carnegie Drive, Suite 240 in San Bernardino.

Vincent McCoy, director at Inland Empire Small Business Development Center, said small businesses starting off with very small loans have an opportunity to work their way up to bigger loans.

He said there are some great local success stories of businesses started small, like one organic shop business that took advantage of a microloan program.

“She was a student at Cal State. She launched her business, got a microloan and now she has her shop in Rancho Cucamonga. Two weeks ago she received an award for her entrepreneurial venture,” said McCoy, who is moderating the event.

Recently, he also expanded the outreach of his center with a dedicated staff member to assist with the microloan process. For an \$8,000 loan, he said the requirements are not hard. For starters, the person must be depositing money in a bank account.

“Sometimes people don’t have a bank account, or they have a business and are dealing with cash, and not putting it anywhere, even though they have an account. Do you have a business license?” he said.

Microloans are not new, but now that local lenders are offering increased programs and products, he is seeing a stronger turnout for the entire community.

“We’re seeing that it helps people. A small amount of money may be just the right amount,” he said. “That’s one of the ideas behind helping people is to go from being non-bankable to bankable.”