

Urban League and On Deck Capital partner to offer loans to small city businesses

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8:38 AM CST, November 18, 2009

PHILADELPHIA (AP) — The National Urban League is teaming with a small-business financial specialist to offer loans to companies unable to get approved by banks.

On Deck Capital will provide loans through Urban League local affiliates, starting in Philadelphia and Los Angeles and then expanding across the country, it was announced Wednesday.

The program offers one-year loans ranging from \$5,000 to \$100,000 at interest rates of 18 to 36 percent. All the loans must be repaid through automatic daily "micro-payments" from the business' bank accounts.

The program will focus on urban areas with high concentrations of minority businesses and help create new jobs there, said Patricia A. Coulter, president and CEO of the Urban League of Philadelphia.

"In today's really tight market, credit has dried up, banks are not lending," she said. "It's even more critical for small and minority businesses to have access to capital."

To qualify, businesses should generally have between \$500,000 and \$2 million in annual revenue and have been operating for at least three years, said On Deck founder and CEO Mitch Jacobs.

Jacobs said that for small loans, banks rely on the business owner's personal credit score, which often has suffered because the owner has tapped every possible avenue to grow their company.

On Deck uses a proprietary technical system to examine other data about the business, such as customer transactions, online payments and other electronic banking records.

Jacobs acknowledged that banks offer better interest rates, but said they do not have the time or resources to deal with "micro-loans." On Deck has made about 1,000 loans totaling about \$50 million since 2007, he said.

Their typical customers: "Restaurants, retailers, hair salons, pet shops, flower shops, doctors offices, dry cleaners," Jacobs said. "Really the broad spectrum of main street and off-main street businesses."



The loans will be offered through the Urban League's Entrepreneurship Centers, which are located in Atlanta; Cincinnati; Cleveland; Jacksonville, Fla.; Kansas City; New Orleans; Chicago; Los Angeles; and Philadelphia. There was no indication how much money is available for the loans.

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On the Net:

On Deck Capital: <http://www.ondeckcapital.com>

National Urban League: <http://www.nul.org>

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