



Chicanos Por La Causa, Inc.

A PROMISE OF OPPORTUNITY

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**Chicanos Por La Causa Préstamos Awarded \$112,500 Grant
from Bank of America to Tap New
Low Cost Funds for Small Business Micro-Lending**

*Local businesses expected to benefit from new access to federal
funds*

Phoenix— In an effort to find new ways to help struggling small and start-up businesses in the region, Préstamos CDFI, LLC is working with Bank of America to tap unused federal funds. **Préstamos received a \$112,500 loan loss reserve grant from Bank of America for use as loan loss reserves required by U.S. Small Business Administration (SBA) microloan program to access \$750,000 in loan capital that is then used to make small-sized loans to local businesses.**

“The continued demand for small business loans requires investments in Community Development Financial Institutions (CDFIs) with loan funds as well as grants similar to the grant from Bank of America. With these investments, CDFIs can make more loans to small businesses which will help retain or create jobs and support strong sustainable economic growth,” said Rodie Hernandez, Director of Préstamos.

As many as 25 local companies are expected to receive much needed microloans from this new effort, to double the amount of microloans Préstamos makes annually to local businesses. Préstamos also estimates the new federal funds will help retain or create 50 jobs in the area, by supporting local business growth.

“Helping strengthen small businesses and new start-up companies stimulates job creation and is critical to our nation’s economic recovery. That is why it is critical to think innovatively and pursue every resource possible that helps small businesses grow. Bank of America is empowering these entrepreneurs by directing private sector capital to unlock exponentially greater amounts of federal dollars for their businesses. Even the

smallest grant enables a nonprofit lender to leverage approximately ten times that amount to lend to small businesses, which creates a ripple effect impacting job growth, spending and overall economic expansion,” said Benito Almanza, Arizona President, Bank of America.

As the nation’s largest CDFI lender with more than \$1 billion invested with 120 CDFIs in 37 states, Bank of America recognized the need to immediately supply grants to nonprofit lenders for use as loan loss reserve to access SBA microloan capital before the federal funding expires on September 30. Federal small business microloan funds have gone unused in the past due to CDFIs not having the loan loss reserves required, approximately ten percent of the amount borrowed depending on the program, to obtain the capital. The new loan loss reserve grants may unlock as much as \$100 million in low-cost, long-term capital for small business microloans nationwide over the next 12 months.

Since the loan loss reserve grants were first made available in August 2010, Bank of America has awarded 106 grants totaling over \$7,125,000 to CDFIs, enabling them to access more than \$68.5 million from federal microlending programs. Participating CDFIs report the ability to make approximately 3,743 new microloans supporting over 6,200 local small businesses, helping to retain or create approximately 8,550 jobs, as a result of the loan loss reserve grants.

Chicanos Por La Causa, Inc., (CPLC) has administered lending programs for small businesses located in a rural and urban Arizona since 1980. In 1992, it acquired the U.S. Small Business Administration’s Microloan Pilot Program and became Arizona’s first SBA Microlender. CPLC created Préstamos in 2001 and has since become certified by the U.S. Department of the Treasury as a Community Development Financial Institution and a Community Development Entity.

Préstamos is committed to building stronger communities by providing small businesses access to capital funding through non-traditional small business financing resources. As a subsidiary of CPLC, we promote positive change and self-sufficiency to enhance the quality of life for the benefit of those we serve.

Our vision is to empower and sustain communities with economic opportunities to strengthen our economy by being the leader of non-traditional lending resources to assist new and existing businesses realize their dreams.

Chicanos Por La Causa, Inc. (CPLC) is a statewide community development corporation committed to building stronger, healthier communities as a lead advocate, coalition builder and direct service provider. The organization promotes positive change and self-sufficiency to enhance the quality of life for the benefit of those we serve.

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