

Los Angeles Times

By Karen E. Klein

September 22, 2009

Small banks have money to lend

Dear Karen: Are my chances for getting a small-business loan improving?

Answer: Many large banking institutions are still reluctant to lend to small companies. But while national lenders got tripped up by bad mortgage debt, many smaller players were not affected, said Brian Hamilton, chief executive at Sageworks, a private company analyst in Raleigh, N.C.

"Many community banks are in better financial shape than the larger banks, and you can form a relationship with them," he said. "They're not in a crisis right now, and they're trying to get the word out that they have money available."

About one-quarter of the nation's 8,000 credit unions also do business lending, said Bill Hampel, chief economist for the Credit Union National Assn. There is a legal cap on how much credit unions can lend, but loans under \$50,000 do not count toward that cap, he said.

If your business is profitable and creditworthy, and you have a good reason for wanting a loan, your chances are good.